



Legislative Assembly of Alberta

The 27th Legislature  
Fifth Session

Standing Committee  
on  
Community Development

Department of Municipal Affairs  
Consideration of Main Estimates

Wednesday, February 15, 2012  
6:30 p.m.

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**Legislative Assembly of Alberta  
The 27th Legislature  
Fifth Session**

**Standing Committee on Community Development**

Jablonski, Mary Anne, Red Deer-North (PC), Chair  
Chase, Harry B., Calgary-Varsity (AL), Deputy Chair

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**Department of Municipal Affairs Participant**

Hon. Doug Griffiths                      Minister

**Also in Attendance**

Hinman, Paul, Calgary-Glenmore (W)  
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6:30 p.m.

Wednesday, February 15, 2012

[Mrs. Jablonski in the chair]

**Department of Municipal Affairs  
Consideration of Main Estimates**

**The Chair:** Welcome, Minister Griffiths and everyone here tonight. This committee has under consideration the estimates of the Department of Municipal Affairs for the fiscal year ending March 31, 2013.

I want to remind you that the microphones are operated by the *Hansard* staff. Don't do like I did and touch your microphone, because that can disturb it. Let the *Hansard* staff operate the microphones. We're asked not to leave our Blackberrys on the table either because they can interfere with the audio equipment.

I would like the minister to introduce his staff, and everyone else can introduce themselves. We'll start to my right with the hon. David Swann.

**Dr. Swann:** Thank you. David Swann, Calgary-Mountain View.

**Mr. Vandermeer:** Tony Vandermeer, Edmonton-Beverly-Clareview.

**Mr. Amery:** Moe Amery, Calgary-East.

**Mr. Goudreau:** Hector Goudreau, Dunvegan-Central Peace.

**Mr. Taylor:** Dave Taylor, Calgary-Currie.

**Mr. Lindsay:** Fred Lindsay, Stony Plain.

**Ms Calahasen:** Pearl Calahasen, Lesser Slave Lake.

**Mr. Groeneveld:** George Groeneveld, Highwood.

**The Chair:** What I should have said, first of all, is that I'm Mary Anne Jablonski, MLA for Red Deer-North and the chair of this committee.

Minister, can you introduce your staff, please?

**Mr. Griffiths:** I'd love to. To my left is our deputy minister, Paul Whittaker; to his left is Mike Leathwood, our assistant deputy minister for housing; to my right is Mike Merritt, assistant deputy minister for local government services. He's responsible for MSI. We have behind me Ivan Moore, Dan Balderston, Len Hancock, and Anthony Lemphers as well as Tim Morrison, my EA, and Parker Hogan, our communications person.

**The Chair:** Okay. Thank you.

I'm going to read into the record how we're going to conduct this meeting this evening. Some of you may have heard this before, but we're going to hear it again.

Government Motion 6 and Standing Order 59.01(4) prescribe the sequence as follows: the minister or the member of the Executive Council acting on the minister's behalf may make opening comments not to exceed 10 minutes; for the hour that follows, members of the Official Opposition and the minister or the member of the Executive Council acting on the minister's behalf may speak; for the next 20 minutes the members of the third party, if any, and the minister or the member of the Executive Council acting on behalf of the minister may speak; for the next 20 minutes the members of the fourth party, which is the ND, if any, and the minister or the member of the Executive Council acting on the minister's behalf may speak; for the next 20

minutes the members of any other party represented in the Assembly or any independent members, if any, and the minister or the member of the Executive Council acting on the minister's behalf may speak; and any member may speak thereafter.

Committee members, ministers, and other members who are not committee members may participate.

Department officials and members' staff may be present but may not address the committee.

Members may speak more than once; however, speaking time is limited to 10 minutes at a time.

A minister and a member may combine their time for a total of 20 minutes. Members are asked to advise the chair at the beginning of their speech if they plan to combine their time with the minister's time.

Three hours have been scheduled to consider the estimates of the Department of Municipal Affairs. If debate is exhausted prior to three hours, the department's estimates are deemed to have been considered for the time allotted in the schedule and we will adjourn; otherwise, we will adjourn at 9:30 p.m.

Points of order will be dealt with as they arise, and the clock will continue to run.

The vote on the estimates is deferred until consideration of all department estimates has concluded and will occur in Committee of Supply on March 13, 2012. That is according to Government Motion 6.

I just want to add, too, that I would like to take a five-minute break at some point during our meeting this evening, and I'm asking the committee if you're okay with that. The clock will continue to run even as we take a break. All agreed? Okay. Thank you very much.

We can start with the minister.

**Mr. Griffiths:** Well, thank you very much, Madam Chair. This is very exciting. There is so much to talk about in this department that I hardly know where to begin. In editing down my notes, I think we started off at half an hour, and I was very happy with that until I found out we had 10 minutes.

We have an amazing department, and behind me and beside me are some amazing staff, who deserve a lot of credit for handling some incredible challenges and situations over the last year. I never miss an opportunity to also point out the great work of our former minister, who's also at this committee right now, who really did a lot of work over the last couple of years to make sure that we have such an exceptional budget this year and who handled some crises across the province that were remarkable. So, thank you, Hector.

Now, as Minister of Municipal Affairs I just want to preface my remarks, for those of you who don't know, by reminding everyone that I have literally spent the 10 years as an MLA working on building better communities. It's very exciting being in this department because it seems as though we're going to get to do many of the things I talked about. I emphasize again that Municipal Affairs – and I take the opportunity to say this all the time – is a ministry that's built on partnerships, whether it's housing management bodies or a safety codes council or library boards or the capital region or the Calgary Regional Partnership, all the municipalities, emergency services. It's all based on partnerships. This ministry has no function or effect if it doesn't build those relationships and partnerships. Those strong partnerships will help us build better communities.

This year's budget takes a long-range view that ensures Albertans will continue to see benefits in their communities, where they and their families live, work, and play. The total budget for Municipal Affairs is \$1.27 billion, but that figure

represents more than just a dollar amount. It represents the care that we take and the work that we do to help Albertans collectively, work that's helping to build a better Alberta. That's part of a long-range plan that we have for the evolution of our communities and demonstrates our commitment to our communities.

The first goal of our business plan is the enhanced viability and accountability of municipalities and their communities. Strong communities are the foundation of building a better Alberta. We're committed to supporting and investing in our communities and our families. That's why our commitment going forward is to revolutionize the next MSI, or the son of MSI or the spawn of MSI or whatever anyone wishes to call it, to revolutionize the Municipal Government Act to make sure that everyone is appropriately empowered with the roles, the responsibilities, and the revenue necessary to help meet the needs of Albertans.

In the interim we still have security in our MSI. We have the security of a three-year funding cycle that municipalities can lean on. We've advanced our funding marginally to \$896 million strictly in MSI this year, but we've got a commitment to grow that to over \$1 billion, in fact, \$1,050,000,000 next year and again the year after. That's no small commitment, and quite frankly I'd like to remind everyone here that there is not another provincial jurisdiction in Canada that provides such solid, secure support to municipalities.

We also have public libraries. Now, we know that knowledge is investment in our families and our future, and we continue to invest in libraries. They're the hubs of the community and also address business plan goal 1. Libraries help to build a better Alberta by opening the door to a world of knowledge. We'll continue to work with our library partners throughout the province to ensure all Albertans have access to library services regardless of where they live.

As well, we deal with the education portion of property taxes. All Albertans benefit from our province's quality kindergarten to grade 12 education system. It's been mentioned many times in the House how we rank in the top two or three in many aspects of our education system. Our property tax system ensures that schools receive the same basic funding regardless of where the student lives. The province expects to collect about \$1.98 billion in education taxes in 2012-2013. That's a 6.4 per cent increase over last year. That works out to about \$8 per month, but in some circumstances, for instance Red Deer, it works out to about \$4 a month, or \$60 a year. Uniform education tax rates are frozen at the 2011 year, but the revenues are up due to property tax assessment base increases across Alberta.

We've seen our income tax, our business tax, and our property tax values grow and the base grow because this is a prosperous province that people want to move to, do business in, and make their life and their career. Education property taxes, it also must be noted, account for only 30 per cent of the provincial education funding.

6:40

We also deal with housing. Housing is a critical component to building strong families, strong communities, and a strong province. Many people think that housing is not a challenge in Alberta because of our prosperity, but if anything it becomes more of an acute challenge because of the cost of living and the growing costs, so we cannot ignore it. I spoke earlier about partnerships at the local level, and that's what this portfolio is all about. My ministry has a 50-year history of partnerships with local housing management bodies and municipalities to meet the housing requirements of Albertans. These housing management bodies are

under the Alberta Housing Act and deliver local services to meet local needs, and we'll continue to build an incredible relationship with them.

In fact, there are 5,000 full-time employees providing housing services to our parents, our relatives, and our friends, and nearly 60 per cent of those live and work outside of Calgary and Edmonton. Social housing supports more than 50,000 Albertans in over 26,000 housing units, and the units are comprised of approximately 17,000 for seniors and the remaining 9,000 for families and individuals. Funding for social housing for low-income Albertans has also increased by \$4.4 million in this budget to cover the extra costs of providing those services, the cost-of-living increases to maintain those buildings.

We also advanced the rent supplement. Funding is available to Albertans through the rent supplement program. This year it is \$71.1 million. It's a decrease of \$6 million from last year. It supports about 12,000 households, and we know that there are about 12,000 households on the waiting list to get online, but it's important to note that our program supports those most in need. It's not a first-come, first-served waiting list; it's a waiting list based on priority, so we serve those most in need. About 400 clients a month move off the list and the need for rent supplements, so we make sure that we cover those who are most in need.

It's challenging to continue to meet everybody's needs in this circumstance, but those targets that decreased the \$6 million was a projection from last year because of the incredible investments that this province has made in social housing, building or at least in contract to build with the money supplied for 12,000 new units in this province; 4,000 have been built, and 8,000 more are to come online, but the money is there to provide adequate social housing for people so that they don't need rent supplements. We will continue to watch the situation when it comes to rent supplements because we believe you can't take your eye off that ball.

We have capital spending, as I said before, that has produced a total of over 12,000 affordable housing units, 4,000 already done and 8,000 more to come, but that's not it. I know that our affordable housing budget has been reduced by \$59 million to approximately \$41 million, but it's important to note that in the Alberta Social Housing Corporation we are beginning the process of reinvigorating our social housing. There is \$260 million to be spent over the next five years to reinvigorate the current social housing, and \$58 million of that occurs in this year, so we were still investing \$100 million in appropriate housing.

We also are working diligently on the mandatory new home warranty program.

I know my time is getting close. One minute? I'm never going to get through this.

I do want to mention the mandatory new home warranty program. It's something that's incredibly important to Albertans. It's going to be affordable, and a lot of Albertans have expressed sincere appreciation and interest in having a warranty program available for the largest purchase they're ever going to make in their lives. If it passes legislation, we are going to continue to work on that.

Then, of course, I haven't even begun to touch on the Alberta Emergency Management Agency, which provides incredible resources to help. We ran 12 disaster recovery programs this year alone that amounted to \$211 million for those who had disasters that could not be covered by insurance, that were widespread, and that had extensive damage. The provincial government was there to provide funds to restore their quality of life.

You know, I'll do a summary. We did amazing work, as I mentioned before, and these staff deserve commendation because Slave Lake was the worst disaster this province has ever seen. It took Infrastructure, Housing, and Municipal Affairs, which were each stand-alone departments, incredible amounts of time and energy and dedication to help a community that has been devastated the likes of which we have not seen in Alberta. They deserve commendation for that, and I want to express my appreciation to them.

**The Chair:** Thank you very much, Minister. It is a very interesting department.

We'll start with the member from the Official Opposition, Dr. David Swann.

**Dr. Swann:** Thanks very much. Thanks to the minister.

**The Chair:** You wanted to go back and forth with the minister?

**Dr. Swann:** Yes.

Let me say that I'll cover one issue with a series of questions and hope to get some focus around, in this first instance, the MSI fund and some understanding about where that's going. Budget 2012 talks of establishing three-year predictable funding for municipalities, which the government's February 2012 news release says will provide municipalities with \$2.8 billion in MSI funding over the next three years. Given this year's \$896 million MSI commitment can the minister confirm how the remaining \$1.9 billion will be apportioned in 2013-14?

The government's February 2012 budget release also says that "Budget 2012 establishes three-year predictable funding for . . . municipalities," which certainly sounds like a done deal. However, page 4 of the budget speech sounds slightly less certain, saying that Budget 2012 "lays the groundwork for three-year funding cycles for municipalities."

Priority initiative 1.1 of the Municipal Affairs business plan 2012-15, "work with affected ministries to establish minimum three-year funding cycles for municipalities," makes it sound like this is a work-in-progress. Can the minister provide clarification as to whether the mechanics of administering a three-year funding cycle are already in place? Or, as priority initiative 1.1 implies, is this something that will still need to be worked on and fleshed out over time? If establishing a three-year funding cycle is something that's going to require additional work in collaboration with other ministries, is it possible that this could be delayed if the various affected ministries are unable to agree on how to implement this? Given the mention in priority 1.1 of working to establish minimum three-year funding cycles for municipalities, is there a chance we could actually end up with a funding cycle that is longer than three years?

In an April 2007 news release entitled Government Boosts Support to Communities To Help Address Growth Pressures it was reported that total MSI funding was to eventually increase to \$1.4 billion a year by 2010-11. This was touted as ironclad, that municipalities could take it to the bank. Despite the promise, total MSI funding has never increased beyond this year's \$896 million, a sizable figure but still \$500 million short of the mark. Is the minister willing to admit the government's failure to address the delivery on this promise and that the goal of providing \$1.4 billion in MSI funding per year has been abandoned?

The MSI was originally conceived as a 10-year, \$11.3 billion program that was intended to provide municipalities with predictable, sustainable capital and operating funding from 2007 to 2016. We're now at the six-year mark of the program, and

municipalities have received just over a third of the promised funding, at \$4 billion. In last year's budget estimates debate for Municipal Affairs the former minister indicated that the program would have to be extended an additional two years for the full \$11.3 billion to be delivered. Are we still working on this premise of the MSI reaching \$11.3 billion, or have we gotten away from that program and are moving to a three-year funding cycle, meaning that we're hitting the reset button for MSI funding? If MSI is to continue until the full \$11.3 billion is paid out, is the minister still anticipating that two additional years will be required to accomplish this, or are we talking about even longer?

The funding formula that appears in section 2.3, page 4 of the 2011 MSI capital project and conditional operating funding guidelines, says that "municipalities will receive \$120,000 in base funding. Summer villages will receive \$60,000 in base funding," and "municipalities with populations under 10,000 . . . also receive sustainable investment funding. A total of \$15 million will be allocated in each budget year to qualifying municipalities." Can the minister explain where the reference to \$15 million comes from? It doesn't appear to be listed as a separate line item. Is this included as part of the total MSI funding?

6:50

Finally, the funding formula that appears in section 2.4, MSI capital project and conditional operating funding guidelines, also clearly states that "municipalities will be advised of their annual MSI [grant] allocation after the provincial budget has been approved." If this is true, why has the government been releasing those figures for years in advance of the provincial budgets being approved? Why is the government not following its own guidelines, especially since municipalities are required to do so in order to get their municipal funding? Given that the government has been ignoring its own guidelines on this, why didn't it release this year's MSI allocation amounts by municipality in advance of the budget so that opposition MLAs could have scrutinized the numbers?

Thank you.

**Mr. Griffiths:** There were a lot of questions on that one subject. I'm going to start with the question on the \$15 million funding for municipalities with a limited local tax base. That comes out of the \$50 million for operating grants to municipalities.

**Dr. Swann:** Thank you.

**Mr. Griffiths:** You're welcome.

Now, the \$896 million in funding to municipalities here: \$850 million of that goes to operating for municipalities. The rest of it is capital. So when you take the commitment for that this year, the \$1.05 billion next year, and the \$1.05 billion the year after, that's where the \$2.8 billion, almost \$2.9 billion, comes for the commitment.

Now, in the longer term picture I know that the 10-year plan for MSI funding of \$11.3 billion was a commitment, and it was to reach a \$1.4 billion maximum for the program, to distribute that amount of money. When that promise was made, the commitment was made, nobody foresaw that there was going to be a large global economic downturn, which affected the revenue stream of every government in the country and affected their books.

Everywhere I've been so far, in fact, in the last few years, I have yet to find one municipality that didn't say to me, "We asked to share in the revenues when the province was flush with cash because we had challenges with infrastructure, but we also

understand that when the province is trying to balance its books, we will share in that responsibility, too.”

I haven't heard from individual municipalities a lot of upset with the \$896 million. They ask the same questions: “Does it mean that we're going to still have a two-year extension on MSI to meet the \$11.3 billion target? Does it mean we are still going to try and grow to \$1.4 billion per year going out to municipalities? How is that all going to work?”

I mean, it's general, but I'll give you the same answer that I give to them. We need to work on long-term agreements with municipalities as a province to make sure that every level of government has the appropriate roles for their function, the appropriate responsibilities to meet the needs of their citizens, and the appropriate revenue stream to fulfill both their role as a municipal government and their responsibilities whatever size or level of municipal government they are. So I want to come up with some sort of agreement like that over the next few years.

We are reviewing the Municipal Government Act, and we have proposed – actually, I'm sorry I didn't get much of a chance to talk about it – reviewing the Municipal Government Act in three sections, three different categories. We hope to be completed and to be able to pass a brand new Municipal Government Act within four years. That's a very heavy workload.

I've said this to every municipality; I've said this to AUMA; I've talked about this with AAMD and C endlessly. Just talking about funding without talking about who is going to fill what role or talking about how we're going to divide the responsibilities is an assurance that we're going to have to have more changes down the road. We need a new relationship together to make sure we're meeting the demands of Albertans.

So my commitment so far is that we will do everything we can to continue to meet the obligations that we laid out, the \$11.3 billion over a 10-year period to reach at least the \$1.4 billion a year. In the meantime, we're already working on MSI 2 or the son of MSI or the spawn of MSI, a new Municipal Government Act that will help solidify a much stronger and better relationship going forward with municipalities that won't be just whether or not we're going to meet our commitment and our promise to meet this new target. We need a much more substantial and fluid relationship with them.

The other question that I recall you asked was on the three-year commitment now. It's as best a commitment as I can give now that that three-year funding formula will be \$896 million this year, \$1,050,000,000 next year, and \$1,050,000,000 the year after. It's the best I can do right now without writing it in blood for everyone for to see.

I am working with the other ministries as directed to see what we can do to solidify that three-year funding commitment because it's so important in Education and Advanced Education and Municipal Affairs. Maybe we can come up with some sort of solution. That's what we're working on now. But right now even if we signed a contract, which the MSI was, extenuating circumstances mean we could break the contract, and we want to find some way – I mean, it's a promise to municipalities – that they know it won't change. So right now it's a commitment to a minimum funding, and it's the best commitment we have – that's my word – right now until we come up with something else.

You had a question about timing about this year's announcement on grants. When the budget is announced, we put it on the website within a week or 10 days, usually, about how much each municipality gets. It's a very strict formula that has the base funding as you mentioned. It has the funding for municipalities with a limited tax base, and then the rest gets distributed: 48 per cent on

education property tax assessment, 48 per cent on population, and 4 per cent on roads. It's a very strict formula.

A lot of the municipal jurisdictions have the capacity in their office right now. They've done their calculations. Most of them could get it down to within a few dollars. Some wait for us to announce it. We've already had a few phone calls to the office asking exactly what it means for them. I think that if you watch very closely tomorrow, it should be going out. I think we've got the chart done and stuff, so we just need to post it, and then every municipality would be able to see what their value is.

**The Chair:** Thank you.

Are you finished, Dr. Swann?

**Dr. Swann:** Do I have more time?

**The Chair:** Yes. Actually, you have a full hour, but you have used up 13 minutes thus far.

**Dr. Swann:** Very good. Let's move on, then, to another area of passion for me, and that's the municipal sustainability strategy. The strategy working group was formed to provide input to the Minister of Municipal Affairs for the development of a strategy to improve the long-term viability of municipalities. The working group released a report June 14, 2010, entitled *Building on Strength: A Proposal for Municipal Sustainability for Alberta*. It was mentioned in question period March 24, 2011, that the minister, after reviewing the recommendations, sent the report back to the working group with a request that they respond to some questions. That's the last record of MSS being discussed in the House.

The Municipal Affairs website is now inviting public feedback on the proposed municipal sustainability strategy and the proposed municipal sustainability capacity building tool kit. Can the minister provide some clarification as to what is happening with the municipal sustainability strategy? For example, is the government going to make a decision on whether to formally accept the strategy or not, and if so, has a date or a time frame been set for when this is going to happen? Is this strategy an admission that the government has been operating without a plan or a process to support and encourage municipal sustainability?

In question period March 7, 2011, the former minister referenced a tool kit available for municipalities to use if they're experiencing sustainability challenges. I'm confused. How can that resource already be available since it appears as a recommendation from page 11 of the working group report, which we've established is still a proposal, is it not? The working group report very clearly describes a self-assessment questionnaire and tool kit in the future tense.

On page 11 of the working group report is a recommendation that Municipal Affairs should monitor municipal performance against nine key viability measures and initiate contact with any municipality that triggers three or more of the first seven measures. I have a series of questions relating to that. Can the minister comment on the existing ministry process for identifying and initiating contact with municipalities that are experiencing sustainability challenges? Has Municipal Affairs examined how many municipalities would trigger three or more of the first seven measures under the proposed system, and if so, can the minister share these figures? Does the minister anticipate that adopting the new system would require the hiring of additional ministry advisory staff to assist those municipalities?

7:00

Listing options for additional assistance to municipalities, page 12 of the working group report mentions that a municipal corporate review is currently under development by Municipal Affairs. Can the minister explain if this resource is available and, if so, what this review entails?

Page 13 of the working group report states that “some municipalities are not always aware of the availability of [capacity-building] tools, or where to turn when support is needed.” Why is this? Are we failing to communicate these issues adequately to the municipalities?

Page 13 of the working group report states that

Municipal Affairs, the AUMA and the AAMDC will collaborate in the coming months to identify any significant gaps in capacity-building tools, and consider options for addressing these gaps through the development of new tools where reasonable and appropriate.

Can the minister comment on what gaps have been identified in any new capacity-building tools contemplated?

That’s that section. Thank you.

**The Chair:** Thank you.  
Minister.

**Mr. Griffiths:** Thank you very much. You’ve touched on one of my favourite subjects, sir. As I said before, this has been a passion of mine for a long time. I get heckled sometimes in the House that I even wrote the book on the subject, but that’s a whole other story. Oh, you brought the book. That’s good. I can sign it if you want.

This is an incredibly important topic because when we’re working with the Municipal Government Act and MSI to come up with a new solid framework in governance and funding and the relationship of shared roles and responsibilities between the province and municipalities, it’s inevitable that we’re going to have some municipalities that have some challenges going forward. How we’re going to deal with those relationships is critically important.

A colleague of mine and I wrote the Rural Development Strategy almost 10 years ago, which talked about much of this stuff. The way the process has worked historically, we have this dichotomy of a relationship between Municipal Affairs and municipalities. They want independence, and they want to be left alone, and they want to manage their own affairs, which means we don’t typically stick our nose in. So it’s very hard for us to get an assessment on which ones are really viable and which ones aren’t and which ones are meeting challenges to help them address the challenges before they occur.

We wind up with this process that we’ve had historically called the dissolution study process, which means that the municipality, the elected officials, either request to the department to do a dissolution study or it comes by petition from members at large in the community or I can initiate it myself, but without context or information on the details of a community, that would be heavy handed. We wait for a municipality to request a dissolution study. We collect the information and data in the system, and then we hold the vote.

It’s a challenge politically because the municipal councillors will ask for a dissolution study, so we’ll do one. Then everyone knows we’re doing a dissolution study. Then people wander around and say, “Why is the province doing a dissolution study? Why would they dissolve us?” and we become the bad guys. Even a lot of the people in town who thought we needed the dissolution study will say: “Yeah, that’s right. The province shouldn’t be

doing this.” Now we have this antagonistic relationship. We didn’t initiate it. We have no ability to control it. We never overturn it whatever the vote is because, I believe, democracy should prevail. It’s not preventative. It’s reactionary because if the dissolution study doesn’t pass, we go right back to the way things were, with no ability for assistance or the tools or resources available to necessarily help municipalities.

We’re working very hard on a new process that’s coming out of the municipal sustainability strategy. When the report was written, there were some technical questions that the department and the minister had, so they sent it back to the committee, but first it had to go through the process for those questions to come up. It was sent back to the committee, and there wasn’t a lot of urgency until the municipal sustainability strategy was passed through the process.

We’ve since gone through to fine-tune some of those nuanced questions. We had about 60 responses – am I correct? – and those alterations have been made. I have now taken it through every last stage of the process, I believe, but one. When that’s done, we will announce that we’re following that strategy. We’ve already begun to build some of the background because I just believe the previous system is obsolete. We will be announcing something very soon.

We haven’t started working with AUMA or AAMD and C on exactly what the gaps in the tool belt will be because we haven’t got to that stage yet. We’re going to be working hand in hand to do that assessment and make sure we’ve provided all the resources available for municipalities. In my mind, the tool kit idea, the questionnaire that they fill out where they do an assessment, asks what their debt-to-revenue ratio would be, asks if they’re sustainable. The idea is that instead of getting to a point where they have to say, “We’re going to die, or we’re going to live the way we are,” you can help them a year in advance or two years in advance to figure out if they need to partner with other municipalities to help share some services so they can reduce costs. Are there other revenue streams or opportunities that they’re missing? Is their business plan sound to attract new industries? Those are things that can help encourage a municipality to actually take some proactive measures.

I know – I know already – that we’re probably going to hear a few municipalities that say: we are the municipal government; you should stay out of it. But the tools and resources will be available to them, and they’ll get some strong encouragement to utilize those tools and resources because this is, as I’m going to say probably 50 times through the next couple of hours, about building better communities, plain and simple.

**The Chair:** Thank you, Minister. Just so that you know, we used up our first 20 minutes. We’re into the second 20-minute period.

Dr. Swann.

**Dr. Swann:** Thank you very much, Madam Chair. I had asked a question regarding the need for additional ministry staff in relation to the sustainability plan and how it is that many municipalities don’t appear to be aware of the resources available for this.

**Mr. Griffiths:** Yeah. Again, I think the fact that some municipalities aren’t aware of that has to do with the fact that we don’t really have a mandate or an ability to go in and be proactive in communities to assist them. It’s reactionary until it’s almost too late. This will give us the ability to lay out the tools for them well in advance and help build capacity in the community.

As far as staff goes, we haven’t got to that point yet because I’m not going to prejudge. I mean, creating the tools, the resources, the

handbook, building the capacity is one thing. Whose best, most appropriate role it is to deliver that capacity: it may very well turn out that it's better done by AAMD and C or AUMA, and we have partnerships with them. It may be done on a regional basis, where we have to partner with AUMA and AAMD and C staff. We may do it alone. We may not need any resources, and it may be more of an online presence and sharing amongst municipalities, where they help encourage each other and share their resources. AUMA and AAMD and C have regional and zone meetings, so they have hired experts in that field.

We haven't decided how staff will work. First we want to get the tools on the table and then, just like working with municipalities, figure out who has the best role and responsibility to deliver those resources.

**Dr. Swann:** Thank you.

**Mr. Griffiths:** You're welcome.

**Dr. Swann:** On disaster recovery. Disaster recovery falls under the jurisdiction of the Alberta Emergency Management Agency and according to the website "leads the co-ordination, collaboration and co-operation of all organizations involved in the prevention, preparedness and response to disasters and emergencies." Municipal Affairs contracts out the administration of disaster recovery programs to LandLink Consulting Ltd. Two of that company's senior experts are former high-ranking Alberta government officials according to LandLink's website. The company won a five-year government contract in 2008 after being the only respondent to a public request for proposals according to the Medicine Hat *News* of November 2010.

My questions include the following: what was the impetus for the government to seek out a private company to administer disaster recovery programs by putting out the public request for proposals in 2008? Given that LandLink Consulting, the company that was selected, was the only respondent to the request for proposals and given that two of the company's senior experts are former high-ranking Alberta government officials, is the minister prepared to admit that this contract was tailor-made for LandLink? Can the minister confirm whether LandLink lobbied the government about administering disaster recovery programs before municipalities put out the request for proposals?

In the absence of competing bids how can Albertans be sure they got value for money? Has a cost-benefit analysis been undertaken to compare the expense of having government administer disaster recovery programs versus contracting them out? When LandLink's five-year contract expires, will the minister allow the Legislative Assembly to review the company's performance and vote on whether the contract should be renewed?

I have some more questions on that, but maybe that would be a good place to start.

7:10

**The Chair:** Thank you.

Minister.

**Mr. Griffiths:** Thank you. I got three questions there. Those are really good questions, and I had lots of the same sorts of questions when I started. Some of the answers, though, I have to admit, are before my time. I don't know the process that went on before and whether anybody was lobbied by senior bureaucrats who started LandLink. I can't comment on any of that.

I can tell you that the numbers that I've seen so far on LandLink – the reason why it was decided to move to LandLink as an option was because it was very expensive to keep all of the expertise

needed when we don't have the same sorts of disasters every year. In fact, we've got great value for our money over the last few years by contracting out to LandLink. We don't have to keep the experts and staff on salary all the time every year. They have provided a pretty exceptional service because they can rise and flow with the kinds of disasters we have. We've had more disasters in the last two years than we've had in the last 10 years combined. We haven't had to worry about the staffing issues and the training of personnel, and it's been beneficial to the department in not having to hire and fire people. That is a challenge with government. It's left to the company, who takes the risk. So it downloads a little bit of risk from the government itself.

On the review of the contract: I have no issues, when this is done, with reviewing the contract and debating it in the Legislature. I believe that everything, if it shows value, should be exposed to the light of the public. If it has value, then we'll find it, and it can be displayed so that the public knows the value that we got. If it doesn't, then we'll know all together that something didn't give us value. I have no issue with doing a review like that. In fact, I look forward to the contract coming to light so we can pull final numbers together to see how much value we got for that contract.

**Dr. Swann:** Thank you.

A number of the 2010 flood victims in southeastern Alberta were surprised and justifiably angry to learn that their claims were being handled by a private company instead of government. Why were the flood victims not told up front that their claims were to be handled by a private company instead of learning about this through the media? Is the government doing anything differently now to inform people that disaster recovery programs are being administered by LandLink, or is it still leaving Albertans in the dark?

Victims were unable to obtain copies or summaries of the engineers' reports about their own property damage arranged by LandLink according to one news report. Was the minister aware of this? Are these engineers' reports available to flood victims if they wish to view them? If so, can the minister explain how flood victims can obtain these? They've reported to us that they cannot. Under the province's contract with LandLink are engineers' reports such as these the property of the company or of the provincial government?

Media reports suggest that there is little or no transparency in terms of compensation provided to southeastern Alberta flood victims in 2010. Why were cheques apparently provided to flood victims without any explanation of what they were for or how they were calculated? Can the minister see how flood victims might have felt that they weren't fairly compensated in the absence of detailed information on how they were calculated? Will the minister commit to increasing transparency for disaster victims by informing them in plain language of how compensation is calculated?

In response to a March 24, 2011, question in the House regarding the feasibility of creating a dedicated disaster recovery fund, the former minister indicated that he continues to "work with [his] counterparts across Canada, our provincial ministers and the federal ministers, to look at a very formalized mitigation fund." Can the minister expand on this? What exactly is being contemplated?

The former minister was questioned in the House about the use of permanent engineering solutions as a means of preventing or mitigating flooding in high-risk areas. His responses invariably mentioned flood hazard mapping, one-time grants aimed at supporting temporary flood mitigation efforts, "temporary" being



the key word here. Can the minister comment on whether the government has explored permanent engineering solutions that might be in play to prevent flooding instead of dealing with the costly damages after the fact, including residential developments that continue to be developed on flood plains in this province? Why aren't we focusing more on prevention?

**Mr. Griffiths:** Thank you very much. First, I didn't actually think it was necessary to inform people who were flood victims when they were working on the disaster recovery program about whether it was direct government personnel or personnel contracted to the government. I don't really see the relevance of that. The same service is delivered, and it doesn't matter which personnel work. Their contract doesn't award them for awarding anything different. They're suppose to do an impartial assessment of the damage, so I don't know how that's relevant.

Secondly, I'm not going to comment on what the media reported because this isn't question period, and even in question period, we don't comment on what the media reported because I haven't read every media report.

**Dr. Swann:** Was it accurate?

**Mr. Griffiths:** One, after you said media report, I went on to your next question, looking for the answer. I didn't listen to it, so I don't know what it is.

**Dr. Swann:** I can repeat the question.

**Mr. Griffiths:** No. Somebody else is going to report to the media, and then the media report your reading, and I'm getting fourth-hand news. I'm not going to comment on the accuracy of something that I didn't get first-hand.

The next one, the 2010 reports. This is about this year's budget. I'm happy to answer questions in Public Accounts on 2010 reports or in question period. But I'm here to do this year's budget.

Flood mitigation. We are working with our colleagues all across Canada on flood mitigation. What's being contemplated? I can't say because we are in the very early stages of negotiation. I know that Manitoba has a lot of flood challenges year after year. It's every level of government that has said that we really need to work on mitigation because to mitigate the disaster is going to be a lot less costly than to try and repair the damage done. Now, whether that's going to be about not building houses on flood plains or permanent water diversion methods or systems or temporary methods – and I don't want you to get the impression that temporary means just for one year. Temporary means movable. There is permanent, which is immovable, and then there is temporary, which is movable.

So when you're talking about temporary systems, we know that landscapes change and water movement changes. When you put up a system, it may be there for 50 years, but it's still temporary if you have the ability to move it to adapt to the new water flow so that you can continue to mitigate floods. It wasn't meant that it's a one-year solution. It is simply an engineering term that means that there are temporary types and there are permanent types of flood mitigation.

The Prime Minister himself has identified flood mitigation as a top priority for the national disaster mitigation strategy. Again, I think there have only been phone calls so far. We haven't even had a provincial-territorial meeting on that yet, but I know that this is going to be a major issue when we do. I think it's in May. That's when we'll have our first meeting to really discuss this. It's

encouraging. I know that the other provinces are very encouraged that the federal government has recognized that investing money to mitigate disasters is a lot less costly financially and to people's lives than it is to repair the damage after it's done.

**Dr. Swann:** Too true. I guess the question again, then, is whether we're going to continue to allow municipalities to develop on their flood plains. You've already said that we've had the most dramatic emergency demands in the last two years of the last ten years. When are you going to take some action to ensure that the public is not on the hook for really preventable property damage?

**Mr. Griffiths:** Well, I'm not very inclined as the Minister of Municipal Affairs to start to have to approve every land development that's done. My notion is that the Land Stewardship Act and the regional plans, that are supposed to work to incorporate environmentally sensitive areas – where recreation is, where housing should occur, where industry should occur, where the environment needs to be protected – are going to help feed up and then back down to municipalities on where development is appropriate.

I've said this many times. The reason why we needed the Land Stewardship Act and those regional plans, especially since they're focused on water, is the fact that municipalities can still make their decisions, but sometimes they make their decisions without the appropriate information and collected data on where the flood plains are and where water is. So, they feed up their information, but they also need to be able to access information back down on a larger scope to make sure they're doing appropriate development.

I'd still be inclined to leave that development option with municipalities. What they need are better resources, better tools, and more information so they don't make mistakes and develop in the wrong areas. Then I won't have to come down with a hammer and not let them. They'll have the information, and they just won't. It will be smart development.

7:20

**Dr. Swann:** Well, with respect, I think there is a role for the provincial government to provide that information to municipalities ahead of their decisions and make sure that they know the risks they're taking when they allow developments on flood plains.

**Mr. Griffiths:** These regional plans are supposed to collect information as a council from all walks of life. They're supposed to collect it from municipalities, from land developers. They collect it from the provincial government. They collect the resources from the universities and research to pull all of the information together.

The challenge is that if the province feeds the information directly to municipalities, then I guarantee there'll be other parties that will sit there and say: you're forcing municipalities to do something they don't want to do. And I still believe that the land-use plans pull the information together so that people can make the appropriate decisions without being heavy handed. I know there's a role for the province to play, and that's in information sharing to the large regional group that municipalities can draw it from.

**Dr. Swann:** So are you failing in that role?

**Mr. Griffiths:** Well, no. We're working on the land-use framework, and we're developing those land-use plans right now. Since they've been created, they've done a tremendous job, the couple that we have, in collecting and gathering information to

feed a larger plan which will provide the information to municipalities.

I don't have the manpower in my department to monitor what every single municipality is doing – where their plans are, where they want to build housing, how they're going to develop industry – to give them the appropriate information. There needs to be a repository, and that's the land-use plan that they can pull the information from.

We haven't failed. In fact, I think we're further ahead than any other jurisdiction in Canada in creating the repositories for that information, to have sound planning so we don't make these sorts of mistakes.

**Dr. Swann:** Thank you.

Moving on to legislative review, when asked about the long-anticipated review of the Municipal Government Act in question period on March 24, 2011, the former minister said that he expected the "review would start rather soon." Subsequent to this the Municipal Affairs 2010-11 annual report, that was released June 6, 2011, stated on page 34: "A review of the . . . MGA is proceeding and ministry staff have begun the necessary planning, data collection, research, and analysis work."

Fast forward to the present, where priority initiative 1.6 of the Municipal Affairs business plan 2012-15, page 60, says: "Undertake a comprehensive review" of the MGA. When exactly is this oft-talked-about review going to start? You've already alluded to the fact that you expect it in four years.

Municipal Affairs initiated a multiple-year review of the safety codes in 2009. Both before and since then there have been reports and incidents that have pointed to the need for changes to that act as well. A common one is that penalties for violations of the safety codes need to increase to make them effective deterrents to noncompliance. Can the minister also provide an update on the Safety Codes Act review and when legislative amendments might be forthcoming?

**Mr. Griffiths:** Thank you very much. Those are two different subject matters, right?

The Municipal Government Act review. I know the minister commented that he expected that the Municipal Government Act review would begin shortly. I don't think it was very long after that the Slave Lake wildfire occurred. I mean, you've got to understand. No department in government has dozens and dozens of people sitting around with nothing to do. We pulled people off some very important projects like the Municipal Government Act review.

Quite frankly, I didn't say that it was going to be in four years. It's going to be completed in four years. That's the timeline we've got so far. It will begin shortly, as soon as we get this work plan finished and down. Then we're going to probably have to look at moving a couple of staff around or hiring one because this is going to be a very extensive consultation process. This is the second- or third-largest piece of legislation the province has, and it governs everything about municipalities. So it's very critical. So that's why the delay. It wasn't off putting. There were very legitimate reasons for that.

We fell behind in quite a few things. The Safety Codes Act was another situation that fell to the wayside because of the Slave Lake situation. I mean, come on. Hundreds of people lost their homes. It took every resource available and then some in order to manage that situation. We know we're behind on the safety codes review, but we have amendments we're proposing to come forward on the fines and limitations section of that, which I think will address some of your concerns. I know it will address a lot of the

questions. I mean, we've talked about some of this stuff before when it comes to fines and limitations to make sure that you can still drive quality when it comes to building.

That's why we're behind on those two items specifically. Again, I just want to commend the department because they did some exceptional work in Slave Lake, which really was the priority at that time. You watch. We'll have the safety codes amendments done, and the Municipal Government Act review is going to begin soon. I have to confess. The election is scheduled. It probably will happen after the election. I don't believe it's appropriate to start now because I don't take for granted that everything is going to come back in the same sort of state, and it would be presumptuous to assume it would. So right after the election, as long as I win and I'm still appointed minister and we're still in the government, I will get on with it because I think it's one of the top priorities the government has.

**The Chair:** Thank you very much, Minister.

You commented on Slave Lake and how many of your personnel you had to pull off their regular jobs. I think the department did a fabulous job, and I can tell you that all other departments were working as hard as they could to co-operate with your department to get done some wonderful things there. So thank you for that.

We are into the third period, and you know what that means. Dr. Swann.

**Dr. Swann:** Affordable housing: the government met its targets. Our congratulations in developing 11,000 affordable housing units by 2012. However, as the gap to achieving this goal narrowed, so too did the budget. In fact, \$42 million has been budgeted for 2012-13, down \$80 million from last year, as you've mentioned, and down more than \$151 million in the last two years. Is the minister prepared to admit that the development of 11,000 affordable units, while laudable, merely brings the province's affordable housing stock out of crisis and that this should not be the end of our efforts?

Can the minister provide an estimate of how many affordable housing units are expected to be developed through this year's \$42 million housing capital plan? I missed that if you mentioned it.

Priority initiative 3.2 of the Municipal Affairs business plan 2012-15, page 60:

Strengthen the long standing provincial partnership with municipalities and local housing management bodies in housing program delivery, through capacity development initiatives, including the development of a comprehensive provincial housing information management system.

This sounds eerily similar to strategy 2 of the province's 10-year plan to end homelessness, which was to "establish a provincial electronic information management system and provide funding for its deployment." That strategy, however, appears to have gone awry after the Calgary Homeless Foundation selected its own vendor to develop a homeless management information system. Has the minister consulted with senior staff of the homeless supports branch of the Ministry of Human Services so that he can learn from their mistakes and avoid a similar derailment of provincial plans in this circumstance?

Is the development of a housing information management system something that can be done in-house through Service Alberta's information technology services, or does the minister expect that this will have to be done by an outside vendor? Has the province put out a request for proposals on this, and if not, when might this happen? Given that the client information management system is something that is being contemplated by multiple

ministries, what sort of crossministry collaboration is taking place to avoid duplication and ensure that taxpayer dollars are being spent wisely?

A final two questions relating to residential construction. The 2012 budget includes \$1.4 million for the home warranty program you referred to, a completely new program established by legislation this spring. Can the minister elaborate on what type of homeowner protection would be provided, and given that this has been a long time coming, are there any plans to make the home warranty program retroactive to provide at least some limited coverage for those Albertans who were aggrieved while waiting for this government to act.

**Mr. Griffiths:** Thank you very much. Those are some excellent questions.

This is an exciting department. We get to do so many great things. There was \$1.15 billion since 2007 put towards building affordable housing. The projected amount of housing to be built was 11,000. We've actually reached 12,000, so I'm really proud of that. There were 4,000 units that were approved and coming online before the housing strategy was developed; 4,000 units on top of that have been built out of that money. There are still 8,000 units that are being built or in the process of design and development. The funding is in place to support them and get them done, but they're still coming online.

7:30

I don't mean this to sound callous, but there are still 8,000 units to come online. We could announce another 8,000 units, and it just pushes the list to get them built further down. It doesn't hurt, and this is why we propose this to slow down a little bit and evaluate and make sure that the housing strategy that we have is still working. We've asked a lot of questions about whether our housing program should be in grants going out to people to build affordable housing to create volume or whether we should own equity in the building. It doesn't hurt to have a bit of an evaluation.

Now, we still have just over \$40 million to go towards housing development. But remember, the Alberta Social Housing Corporation has 26,000 units. It has \$260 million in reserves that have been accumulated. We have permission now over the next five years – and I think with the strategies we're working on we're going to leverage those dollars far more than they exist sitting in the bank account – to redevelop some of the housing units we have now. We have about 3,800 lodge spaces. We have the 17,000 seniors' individual accommodations, accommodations for families. Redeveloping some of those units will create more spaces, but it will also modernize and update the spaces that we have and allow us a bit of time to make sure we catch up on the 8,000 units that are still coming. The money's there, and the designs are being done and in some circumstances are being constructed, but the construction industry just hasn't been able to keep up on the building.

Our commitment is still to build more housing. There is absolutely no doubt. I think I said in my opening comments and I know that I've answered in the House before and I know when we signed the agreement with the federal government for the commitment for three more years to carry on that commitment of \$20 million a year for each year to come to us plus our matching money for a total of \$120 million that too many people get the impression in this province that we don't have a housing issue because we have such a strong economy, everything's going well.

Quite frankly, that's a misnomer because five years ago, I think it was, the statistics showed that we had about 90,000 people a year moving to this province, and we expect within a couple of

years we'll be back up to 90,000 people moving. Predecessors have said they don't bring their roads and their schools and their hospitals when they move here. They also don't bring their water and wastewater, they don't bring their sewers, they don't bring their sidewalks, they don't bring their playgrounds, and they don't bring their homes. So the housing market gets stretched, which drives up the cost to build a home, which creates a differential that makes affordable housing more an acute situation here in Alberta than anywhere else in Canada, I believe.

We have not lost our focus on that. We are taking the opportunity to catch our breath and make sure that we're still building housing in the most appropriate places and in the appropriate ways. I've had quite a few phone calls just in the last couple of days with housing bodies that have said: you know, I've got some new ideas. We're going to be really creative in how we're going to build housing in this province going forward for the next couple of years because it's not just about affordable housing; there are other modes of housing that we need to concentrate on as well. I'm sorry. I get really excited about the housing portfolio.

I don't think we have sometimes fully addressed the challenges that go not just with affordable housing but with other challenges like drug addiction. We maybe need in this province more permanent subsidized housing for people who are in drug treatment and then have associated crimes that go with it to make sure that they don't fall back into the same sort of system that led them into drug addiction and crime in the first place.

Our focus has not changed. It's a chance to catch our breath and redouble our efforts and make sure we're still addressing the most acute needs that we have from one end of the province to the other.

The operating system. It just went out to an RFP recently. The system will operate the 26,000 Alberta Social Housing Corporation units. It will accommodate all that.

Oh, you asked about new home warranty. That one gets me pretty excited, too. Yeah, I know. I get excited about new home warranty. You can tell I've been in government too long, I suppose. We have already put in the budget the \$1.4 million, if I recall, on the year-to-year operating. There's going to be a registration system that will be about \$95. I haven't introduced the legislation, so assuming that everybody is in support and it passes, this is the proposal.

You're going to build a new house. You go and register that you're going to build a new house, register that you're going to have a warranty, and then you can get the building permits. You build the house, and then you make the purchase of the warranty. On completion of the house, it takes effect. That way we can cover the owner-builders who are going to live in their own house, and they don't require having a home warranty since they built their own house. But it's still registered, so that if they sell it down the road, they can't circumvent the system, and those who would buy the house would still be entitled to the warranty. I believe it's one year on major construction, two years on . . .

This is the proposal. You'll see the legislation. I'm getting ahead of myself, but it will be coming. We're anticipating bringing it forward as soon as we finish the rest of the details, hopefully, sometime this spring although I don't know if we'd get it before the budget. We would like to have it in effect for January of 2013.

As to your last question: it won't be retroactive. It's challenging to make it retroactive. We don't know what the costs would be or who would bear those costs. Would it be the current homeowner

or the person who built it? What if the companies don't exist? It could create quite a mess.

The reason ultimately for the new home warranty is not to make sure that the people who build bad homes pay for the damage; it's to make sure that no bad homes get built in the first place. Where a program like this has operated in other jurisdictions, it has driven up the quality of construction, which has prevented people having to access the new home warranty. It's there as a tool, but it drives up the quality, which is the full intent anyway.

**Dr. Swann:** Just one quick follow-up. We are expecting significant growth in this province every year. We are heading into another boom, and here we are cutting supports for new affordable housing. This is going to add tremendously to the stresses on the system, and we're going to be having the same challenges that we dealt with in the last boom unless we see and anticipate the extra demands that are heading our way.

**Mr. Griffiths:** I understand that since 2007 \$1.1 billion over the five years has gone to try and build 11,000 affordable housing units. It's 12,000, actually. Four thousand have been constructed over that five-year period. There are still 8,000 more units paid for, supported, that need to be built. I'd just remind you that we could propose to build another 8,000 units, and it would just add to the inventory that already hasn't been built, and it won't address our challenge.

Now, we have an entire year before we catch up even remotely close to the 8,000 units. So if next year we have an increase back of \$100 million to our housing budget, we won't have missed the beat because we'll have just drawn from the inventory that's coming along. I say that it gives us a chance to catch our breath and focus on the rejuvenation and regeneration strategy of the 26,000 units the province already owns that are aging and utilize the \$260 million to make sure that they don't fall behind. Instead of just building units, we need to take a moment to rejuvenate the ones we have, too, so we keep a full spectrum of housing options open.

I understand your concern, but I think this is a good year to take a breath and do some rejuvenation, and by that time we'll have caught up to the inventory.

**Dr. Swann:** Thank you, Madam Chair.

**The Chair:** Thank you very much, Dr. Swann. Your comments and questions were well organized and thoughtful.

Minister, I even heard the answers there. Thank you for your excellent responses.

We'll move to the next 20-minute period. That means that we'll have the member from the third party. I believe Mr. Paul Hinman is here. Paul, would you like to take your full 10 minutes, or do you want a back-and-forth dialogue with the minister for 20 minutes?

**Mr. Hinman:** You know, they say that time flies when you're having fun. I've been going through this since 3 o'clock. That time has flown. I know that 10 minutes is going to go by like a snap. I'll start to go, and you'll probably cut me off. Then you can have your 10 minutes to answer, I guess.

It is exciting to look at the opportunities and what we can do here in Alberta. It's truly incredible. The sky's the limit to me, and I have a great passion. I guess I would say that there's one of two ways to build a community. I see you're focused on 13 ways to kill a community. I'll hopefully get enough time to give you the 14th reason for what really kills a community, in my humble

opinion, from travelling around this wonderful province and talking to the mayors and reeves and the councillors.

**7:40**

I want to start off with, though, the mandate letter that you received. I find it somewhat interesting that in the second paragraph it says, "Democratic renewal and regaining Albertans' faith in the political system are at the core of our objectives as a government." Where do you or the Premier have the perception of where you've lost the faith in the political leaders out there that you need to restore it? Also in that same paragraph it says: "responsible, accountable and transparent way in which our team will operate." To me going through these line items worth \$11 million, you know, just incredible numbers, there's no transparency for us as opposition members to really look and see: has a cost-benefit analysis been done; where's the money evaporated to? Anyway, finally: "Transparency of intent and of action will be the standard." I hope that will guide you in answering some of the questions.

I want to move to your ministerial address to AAMD and C last November. You mentioned there: to make it easier for municipalities to submit projects and to remove unnecessary conditions from the program so that you can get funding for priority projects in your communities. One thing that I haven't really had clarity on and would like some transparency – because I hear different rumours, you know, on the Calgary airport tunnel. The minister wouldn't sign off and various back and forth. Could you please elaborate on how that process goes through with MSI funding? Do you actually have a thumb on that? Do you have to sign off on projects over a million or \$10 million or \$50 million? If you could explain to us where that is, or maybe just to me, it would be greatly appreciated. One really wonders sometimes how that decision is there.

I'm sure that you're very much aware of our 10-10 program that the Wildrose just released this week: 10 per cent of total tax revenue and 10 per cent of budget revenue going to these municipalities and municipal districts and counties with no strings attached. I do have to say that listening to your excitement and everything else tonight, my comment would be: wow. It sounds like a lot of big government, some really big plans, but what concerns me even more is that you've got some really big spending in order to implement some of those things. It's always exciting to talk about that, but sometimes I just feel like government maybe needs to take a step back and let the free market create some of these things, even such things as low-cost housing. If we were to set up a market in such a way that would allow it, I think it would be beneficial.

I just got back from Vancouver, and inside of the Vancouver area they struggle even more than we do when it comes to low-cost housing. But every municipality has unique challenges and opportunities. Do you not think – when I listen to you talk and listen to the government, it seems like you take one or two steps in the right direction, and then all of a sudden this parental instinct: oh, we've got to look after them.

I really like when you talk about, you know, making sure that they've got the tools and the resources that are essential so that these smaller municipal areas and towns can go and get access, kind of like that library that you talked of. Is there a library for mayors and councillors and whatnot to go and verify? I'm all for that. Collect that data. Have it available so they can go there. It would be wonderful.

How much money would be saved for your ministry if, in fact, all of these grants and all of these programs that you're looking at were rolled into one big MSI fund and then that was given

unfettered to these communities to do what they need on their priorities rather than government picking, whether it's potholes this year or, you know, we've got a water upgrade? The government looks around and sees different problems, but then they seem to say, "Well, if we've got to do that in Wainwright, we'll do it everywhere" when Taber, about the same size, doesn't need that. Yet there's this new program. They still need just as much money, but they're in a different part of the cycle than another community. Is there a savings on that?

Even more important is: how much would the towns and cities save if they didn't have to go through the strenuous struggle of filling out all of those grants and trying to meet the formulas and everything else? It's just quite amazing. I guess I can't help but touch on this because of the last two days and where we're at in regard to the AUMA and the fallout that has happened there. There are just times when the money is attached to what I want to say are ridiculous programs. I remember that in one town I represented, there was a CFEP grant, but it had to be on something new. I've been to libraries where they've said: "You know, we ripped down all of the shelving. We had to put up stand-alone because the program said that we couldn't add to the structure of the building, that it was only internal." So much good intent is desired, yet we fail them because we make them go through hoops that are just ridiculous. They're going to tear down a bowling alley to build another building in a town because with CFEP or the grant they were getting, it had to be a new stand-alone structure, and there wasn't enough room.

You know, as wonderful as Big Brother government is, it just seems like too often it steps on more toes, causes more pain. How much money could actually be saved and how much frustration, especially in those small towns, if, in fact, they actually just got their MSI funding and then you kind of looked over there to help them out? Sitting over there to watch them would be very interesting to me.

To touch a little bit on the political slush funds that myself and others have talked about so much, I understand your sensitivity on that. It's not really fair that you took the brunt of that because the real massive amount of money, from everything in my experience, has come from Transportation, Infrastructure, Culture and Community Services. That's where those slush funds are. They hold them over their heads and say: well, you know, you've got to give some support to the PC Party or you're not going to get those funds. Unfortunately, you were the scapegoat, and everything got fired on you, and you had to take the brunt of that when you actually are the ministry that's got the most restriction on where your money goes. Too bad you had to go through that. It'll be interesting at breakfast tomorrow morning.

You went into this a little bit, and I guess my question is on the \$684 million increase in property taxes. I believe you said that that's purely on assessment. Now, is that the assessment from the previous year going forward? When do you look at that gain? House values most everywhere that I've been around the province have actually gone down between 11 and 17 per cent, so I don't understand how we have this massive increase. Maybe my numbers are wrong because, like I've said, there's not enough time to go through a crash course on this to get it together. You have a significant increase in property taxes when, to my understanding, assessments have actually gone down around the province, so I'm curious on that.

You're able to save an incredible amount of money on the regional collaboration. If you could expand a little bit on that, whether that was a one-time cost and then not happening now, or have you got the central government working such that you don't

need to collaborate anymore? I'm not sure what you're doing there.

I'd also like to know about your Emergency Management Agency. It fluctuates a great deal – I understand that – but my question is: what's the 10-year average on emergency funding? I can't remember what your budget is. I know that in the Wildrose budget we put \$150 million for emergency planning. Could you tell us what the 10-year average is and whether or not the \$54 million that you've allotted this year is ridiculously low or average? How did you come up with that \$54 million? It's interesting that you came up with that number. I'd love to know how you actually did this. The other thing: is that \$54 million just set aside for actual reactive services?

Holy smokes, it's depressing to look at the clock. My question, quickly, is on enterprise risk management. Back in 2007 the government put out a memo saying that every department was supposed to look at enterprise risk management. The direction of the deputy ministers' committee states that mitigation of risk must be linked to the ministry's business plan. Just exactly where in your plans for this ministry is there an overview of the Slave Lake fire disaster? Was this mitigation addressed? Was the Slave Lake contingency situation ever anticipated? Has there been anything with enterprise risk management in other places in the province? It's not the first time towns have been threatened. This is the first time we've had such a disaster. [Mr. Hinman's speaking time expired] Wow, that was fun. Ten minutes.

7:50

**The Chair:** Thank you, Mr. Hinman.

Minister, you now have 10 minutes to respond.

**Mr. Griffiths:** It takes one second to ask a question; it takes five minutes to explain the answer.

**Mr. Hinman:** You always get more time, though.

**Mr. Griffiths:** Yeah. All right. Let's see. Where do I start? *13 Ways to Kill Your Community*: I'm sorry you didn't read the book because the book actually starts off with ways that people do kill their community, and then it gives them lots of different solutions on how to be successful.

My mandate letter. Faith in the political system, being more transparent: it was actually in everybody's mandate letter. It's just a general guideline. You know, it's the same way that a preacher would stand up in church and tell people to hold onto their faith. It doesn't mean they've lost it, but it's nice to be reminded that that's our focus, to hold onto faith.

You mentioned the budget, that you're going through it and seeing all the numbers, that you don't even know if there is a cost-benefit analysis to show whether it's valid or not. That's why we introduced the new bill, which is the Results-based Budgeting Act.

**Mr. Hinman:** Well, you've actually never done that before.

**Mr. Griffiths:** I didn't interrupt or say one single word when you talked.

**Mr. Hinman:** Sorry.

**Mr. Griffiths:** We've got results-based budgeting coming forward now, and I've volunteered our department to be one of the first ones to go through that. I've been on Public Accounts for much of my career as a politician, and knowing the cost-benefit analysis and what kind of results you're getting is critical to determine whether or not you're getting benefit from the program

and serving the same clients. So that's our answer to your question.

Do I sign off on all projects? I sign a letter to every single municipality that applies for a grant. Yeah, we go through a list so that I can see what they are. I've said that I'd still like to see the list so I know what municipalities are using it for, so that I get the general sense of what they're using the funds for.

We've been working very hard on making sure – and it's a formality. I've never said no to a single project. There are very strict guidelines when you access MSI. Your funding is laid out, the guidelines are there, and as long as you meet the criteria and the guidelines, I've never said no, and I've never heard of another minister saying no in my time. We approach it as though it's the municipality's funding.

We've actually gone through the process for how the application process goes. You talked a little bit about the paperwork for forms, that it's tedious. Well, changes are coming. There are going to be a lot fewer restrictions. Instead of municipalities having to fill out paperwork on every item and all the details, there is going to be a process where they're going to be trusted more and sign an affidavit that they've got all of the information kept and that they keep it on file. We'll audit a few to make sure because we are ultimately going to bear the blame if it's misused, but I don't see that happening. It will essentially come down to a one-form sort of checklist that they've met all the criteria, which will drastically reduce all of the paperwork that they go through. That's a promise and a commitment we've made.

What else have we got? You know, I understand what you mean that instead of giving out the same amount of money to every municipality, you give them what they need because what's needed, you said, in Wainwright might not be what's needed in Vermilion. If we do that, though, it counters your entire argument that we're not supposed to be Big Brother because then we're exactly Big Brother, going and figuring out what municipalities need instead of letting them figure out what they need themselves.

I mean, you said that we need to have less Big Brother watching over and pass on the responsibility to municipalities, but then you suggested that we have a program where we focus energy and focus the resources to municipalities and what they need, not general stuff. I have written down: give to municipalities what they need instead of giving everybody the same blanket stuff. Well, then, that means we're going to have to hire more government and expend more resources to analyze what municipalities need. It's going to wind up being our needs.

Unfiltered funding: if all of the funding is pooled together, it amounts to about \$2.1 billion. I'm glad you asked that question because we provided \$896 million this year in MSI funding. All of the resources available that go to municipalities from all of the different programs – I have to tell you that previous ministers and department staff have done some exceptional work to go from 77 different municipal programs that were very targeted to 22 general ones, MSI being one. So collectively, for all of those 22 programs, it's about \$2.1 billion.

I did a quick tax calculation after your announcement that 10 per cent of all the taxes collected would go to municipalities. It's about \$1.6 billion to \$1.7 billion, which means municipalities would get \$400 million less under your proposal than they do from the government now under the current proposal.

Now, I know you also said that they would get 10 per cent of the surplus, but then it's not conditional what municipalities do and not secure funding. It's what you'd do with your budget, so they go by the whims of whether or not there is a surplus.

I don't know. I've heard lots of comments from municipalities that still would like us to continue to focus on consolidating

programs, which we're always going to work on doing, but I don't think they'd like the fact that they would get \$400 million to \$500 million less from the program that you guys ran, so I think we'll stick with ours.

You also asked: if you don't have some information, how do you justify it? I don't remember what that question was.

Assessment. Now, you asked a question about assessments on educational property taxes, that they had gone up. You know, in some cases in some jurisdictions assessments have gone down because the property values have decreased, but it's not universal across the board. There are a lot of properties around Alberta in different jurisdictions that haven't gone down, or they did go down and have either bounced back to what they were or have exceeded what they were before. Out of the about 6 per cent increase that's come, about 3 per cent comes from assessments, the increased value on properties, from different jurisdictions. Some have seen a decline in their assessment; it depends on the region you live in.

You've got to understand, too, that it's not just the value of the properties. We've seen tremendous growth in this province. I think the number was 27,000 housing starts in the province of Alberta last year. When we're collecting the education portion of property tax, it's the growth in the number of properties that we can tax. It's just like income tax. We haven't increased the tax rate that we have, but we have 30,000 or 40,000 new people every year that come and pay taxes. It's not the amount we collect from individuals but the amount of individuals we collect from. It's the same with corporate income tax. For every new head office that moves here, we don't raise our corporate income tax rate, but the number has grown. I'm going to make sure you understand it very clearly.

On the disaster, the value of the funds: I wasn't aware of this. I appreciate the staff being so quick in pulling this forward. You asked about the 10-year average. It's about \$40 million a year on disasters, give or take. It's not set in stone. The funding we actually have for emergency management goes to run the Alberta Emergency Management Agency, the support staff that we need, Alberta emergency alert, and our Provincial Operations Centre because that needs to be manned for a disaster. It goes for the long-term, ongoing funding.

The disasters themselves we don't actually budget in because it's hard to budget on what a disaster is going to be. I mean, like I said before, we've seen in the last two years a drastic number of disasters, whether it's flooding or fire, and it tends to fluctuate. Well, you're from rural Alberta. You know that it's the same way with agriculture. It's hard to budget when you're going to have a crop failure. You can't plan for that sort of thing.

We have \$289 million in a four-year budget for Slave Lake, and \$44 million this year is coming for Slave Lake because it's over a four-year period, so it's not necessarily specifically just for operations. That was specifically for Slave Lake.

How much more time?

**The Chair:** Fifty-seven seconds.

**Mr. Griffiths:** Fifty-seven seconds. I'm not sure which other questions . . .

**Mr. Hinman:** Give it to me, and I'll give you one more point.

**Mr. Griffiths:** That's okay. I can answer this well.

The free market versus big government when it comes to housing: you asked about that, too. That's a challenge. I

understand that there are opportunities for the private sector to probably invest, but simply saying, "It's just going to be the private sector" doesn't necessarily work.

We were very careful in this last \$1.1 billion, this amount that built 12,000 units, to partner with the private sector to give them that bit of incentive, but that's why we're doing the re-evaluation now. Should we be investing fully and own the equity in the property, or should we be giving it to the private sector to encourage them to keep rents low? What sort of contract should we have? That needs to be evaluated on a regular basis, and that's what we're going to do.

8:00

**The Chair:** Thank you, Minister.

Thank you, Mr. Hinman. I saw you struggling not to comment during the minister's response.

**Mr. Hinman:** Well, he asked me not to, so I refrained.

**The Chair:** We went 10 minutes and 10 minutes, so I would just like to let you know that if you wanted to wait until the end of the process, you would be able to ask a question then if you'd like.

**Mr. Hinman:** Can I comment on that?

**The Chair:** No, not at the moment.

At this time we're going to take a six-minute break. Refresh your coffees and your drinks. It'll be six minutes because my good assistant here is timing. Thank you.

[The committee adjourned from 8:01 p.m. to 8:07 p.m.]

**The Chair:** Thank you. We're back in order here. We will continue on to the next 20 minutes with the member from the fourth party, Mr. Brian Mason.

Brian, would you like to speak 10 minutes or go back and forth?

**Mr. Mason:** Well, you know, it sort of depends on the minister. If he takes up all my time, he won't get another chance, but if we can actually go back and forth, then I would be pleased to do that.

**Mr. Griffiths:** I will keep my answers succinct if you want to go back and forth. If you want to use the whole 10 minutes, I'll use my whole 10 minutes.

**Mr. Mason:** Okay. That's fine.

**The Chair:** So back and forth then, Mr. Mason?

**Mr. Mason:** Yes. Thank you, Madam Chair.

Mr. Minister and your staff, thanks for being here. One of the things that the Premier talked about and promised in her leadership campaign was that all government programs would be examined within the first six months with a view to seeing which ones could be privatized, turned over to the private sector or to community organizations. I'd like to know if you're undertaking such a review currently. If so, what is the scope and nature of the review and what areas are you identifying?

**Mr. Griffiths:** I can't comment on what the Premier promised during the leadership. I can only comment on what I'm doing with this budget. Bill 1 is the Results-based Budgeting Act, and that's what we're going to do. That's why I've actually volunteered our department going forward. I don't think we'll get it in the six-month period, but I think it's critical to do to make sure we get value for the taxpayers' money and evaluate the programs, too, like I said, to make sure that they're satisfying the clients, meeting

their needs. We don't want a program that's set for clients that wind up over here. I have full intention of doing that as soon as I can after I'm back, I hope, going forward because I think it's important.

**Mr. Mason:** Yeah. Is it your intention that when you do that, you will be looking at the programs to see whether or not they're better delivered, in your view, by some other body, whether it's a private or not-for-profit agency?

**Mr. Griffiths:** In my mind, that's not the step in the review that I would be taking. I want to make sure that the programs we operate are meeting the clients and that, you know, they're getting enough resources and that the criteria are right. I don't want cumbersome criteria, the resources going to the wrong place and not meeting the clients' needs. I can't think of a single program we have right now that's necessarily operated better in the private sector. I just want to make sure we're doing right with the programs.

**Mr. Mason:** That's good to know, Mr. Minister.

One of the issues that I and many of my colleagues deal with is the whole question of urban revitalization. In the city of Edmonton, of course, there have been two major reports that have come forward in the last few weeks, one by the public school board, which conducted a review relative to the whole issue of school closures, and one by the city of Edmonton, headed up by former councillor Michael Phair, that talked about the revitalization of inner-city neighbourhoods. One of the things that's concerned me is that not only in some of these neighbourhoods do we have very significant investments in schools that are being closed, but the municipality has even more investment in things like libraries, sports facilities, police and fire stations, even roads and sewers, billions of dollars that become increasingly underutilized as the population moves to the outside area.

I wonder if your department has programs or has considered ways that it can provide some leadership to encourage both cities and school boards to work together, with government support, in order to solve this problem. You know, even if you just look at it from a cost point of view, it's a massive loss of value, of investments made by governments of all order.

**Mr. Griffiths:** I actually couldn't agree with you more. You know, we were talking before about the 13 ways to kill your community and working on communities. I always say communities and not municipalities because they're two different entities. Municipalities are a legally defined entity. Communities are where people live and go to school and work and have neighbours and have bonds.

That's what we need to do in this province. In fact, I don't think it's just this province. I think, quite frankly, there's a challenge globally, specifically in North America is my understanding, with building stronger communities. I mean, the last decade has been dominated by the discussion about how major cities have doughnuttled, right? The inner core dies. That's the city perspective. But in communities you wind up with the same challenge. You build a new neighbourhood, you put a school in the neighbourhood, and then when there are no more children left in the neighbourhood, you close the school. Well, you're not going to have any new young families move into the neighbourhood. So we need a redevelopment plan for communities, not just for municipalities but for communities.

I struggle with it because I'm not quite sure what we do with that yet. We've got to do something, not mandated by the province. I'd like to see the federal government involved, the

province, and municipalities to talk about how we're going to have rejuvenation. I mean, it's a personal interest to me. You read books like *Walking Home*, the book I just finished. Edmonton just had as guest speaker the person who wrote that book. Very interesting perspectives on building better communities.

I don't have any particular programs in place right now, and I'm not quite sure if it's a place for the province to take a role. I think the only thing we have in place, actually, is the community revitalization zone, that allows the education dollars to go to rebuild infrastructure.

**Mr. Mason:** Well, if you don't take some leadership on it, Mr. Minister, you're going to have cities around the province bugging you for money to build new fire halls and new police stations and roads. It might be better to invest now. I think the province should take a lead. If you wait for the federal government, it's like *Waiting for Godot*. I mean, it's just a way of saying that we're not going to do anything. I really think, you know, that you should take a lead on it.

**Mr. Griffiths:** I'm sure I will. I mean, I've already discussed this with the mayors and some councillors of our major urban centres. Like I said, lots of people think that when you talk about community building, you're talking about small rural municipalities that don't have the economies of scale to grow. It's about revitalizing our communities from one end of the province to the other, and we will.

I mean, I've been in this position for about four months, but we've already initiated some discussions. We'll see where it goes. We have to initiate some discussions because I think Albertans are ready for it. I think that around North America it's becoming a larger part of the average consciousness about the communities people live in. So we will. We will. But I'll need help from a lot of other people, including yourself.

8:15

**Mr. Mason:** Oh, you'll get all the help you need from me in terms of encouragement in various forms.

Just following up on that, one of the things that there is concern about in many of the communities is the whole area of community safety. I know there have been a number of initiatives, but I see that there's really no significant increase in money in the policing grant despite the fact that populations are growing. Now you've got this new federal crime legislation, so there's going to be way more people that are going to be criminals, and you'll have to catch them. So why don't you have more money for policing for our cities? I know you helped the rural areas. They get all kinds of stuff, but the big cities don't.

**Mr. Griffiths:** I'm sorry. I can't comment on what the federal government did with their legislation, and policing doesn't fall within Municipal Affairs. It's under Sol Gen.

**Mr. Mason:** Isn't the policing grant one of your programs?

**Mr. Griffiths:** No.

**Mr. Mason:** Well, it was in my notes, and I thought it was a good question.

I think what I'd like to ask you about next is MSI. The Premier has said that, you know, municipalities are going to be able to use MSI for whatever they want, even if it's to subsidize, for example, a private sports franchise. I know that the plans for the Oilers from the city of Edmonton include \$100 million of provincial money. Am I to take it from that that there have been discussions with the

city about providing them MSI money that they could put into the arena?

**Mr. Griffiths:** I have been very clear in the media. I've been very clear to city council and everyone who has called my office or written my office and asked. We provide MSI funds to municipalities. We provide very clear criteria on what they can or cannot use it for, and then the rest is up to them. They decide their priorities because they're an elected council, and they bear the responsibility of the choices they make.

There's no extra money that's going to go to either city for any private venture for any hockey arena. It's MSI funding that has been provided, and they'll choose what they're going to do with it, and they'll answer to the people in their municipality who vote them in or not on what choices they make.

**Mr. Mason:** I hope that remains the answer following the election, should you be returned in government.

**Mr. Griffiths:** I will be returned, and it will still be the answer.

**Mr. Mason:** We'll see.

In terms of the funding in your department, your department and Advanced Ed are the ones that really didn't do very well in this budget. There's lots of money in this budget for lots of things, but there is a decrease in municipal programs of about \$130 million overall. That includes housing. It includes rent supplements; there's a 9 per cent decrease. Housing capital programs, a \$79 million to \$65 million decrease.

Yet we're seeing growth, and we're seeing vacancy rates start to drop. I think you sort of alluded earlier to the fact that the impact on housing and low-income people in particular in housing is countercyclical. When the economy booms, that's when housing gets tight. That's when rents go up, and that's when you need more support, and you need more lower income or affordable housing. I'm just wondering why, since the government seems to be betting fairly heavily on another upturn in the economy, we're seeing these reductions.

**Mr. Griffiths:** I said before that it can be countercyclical. The outline originally for the rent supplement program indicated that it was projected that there would be less demand for rent supplements as more available affordable housing came online. We haven't got the evidence to actually show whether or not that's the case, so we're still following the same projection. But I've said that we're going to watch it very closely, because I absolutely refuse to let it get away from us. We need to make sure that we address people's needs for housing, whether it's through a rent supplement program or affordable housing, so we're going to continue to watch that.

The major drop you indicated actually is from the disaster recovery program, a couple of hundred million dollars, which is the majority of the drop. That's because we've invested a significant portion of the money into Slave Lake, to its recovery. It's still spread out over a couple of more years, but the major drop is because we haven't needed as much money for Slave Lake in the out-years. We did the investment upfront. So that's where the majority of the drop is.

**Mr. Mason:** The Edmonton community plan for housing has just identified over 19,000 low-income rental units alone, and they're projecting it will rise to over 22,000 by 2015, but you're still cutting the money for low-income housing. It's fine to say you're monitoring it, but it really seems to me that we already have enough information to know that these cuts are ill-advised.



**Mr. Griffiths:** Well, 12,000 people are supported by our rent supplement program, and there are about 12,000 people that are on a waiting list. I have indicated over and over again that we haven't got enough money – and we never had enough money – to cover all 24,000 of the people who would be on this list. So we manage best with the resources that are available because I would be very careful about where we would draw resources from. This is a need, but so are many other things that the government does in education, in housing alone, in health care.

So we take the 70-plus million dollars that we have and make sure that out of those 20 some-odd thousand people that need rent supplements or are on the list for rent supplements, we target the 12,000 that are most desperately in need. Whether it's seniors who have health concerns and desperately need rent subsidies or it's mothers with children, we make sure that we cover those most desperately in need. We do the best we can with the resources available. I think even you would agree that there's never enough money to cover every single issue. So we take the resources we can, and we spread them as best we can and utilize each dollar as best we can.

Oh, yeah. They reminded me that we still have 8,000 new affordable housing units that are yet to be built that are coming online, and we're still putting \$41 million into affordable housing this year and another \$41 million next year. We still have the \$260 million from the Alberta Social Housing Corporation to redevelop, renew, reinvigorate the properties that we currently have. In some cases we are taking older properties out of circulation and managing to turn them into more new properties, which also helps address the housing challenge.

**Mr. Mason:** Okay. I know that the AUMA is asking for negotiation of a new deal with regard to municipal funding. I also know that some years ago Steve West made a commitment to eventually vacate the property tax for education and leave the entire field for municipalities, and I think it's fair to say that that has not been a consistent policy of the government since. I just wonder if you're prepared to acknowledge that the municipal order of government requires its own taxation power that is commensurate with its responsibilities. I know in terms of responsibilities it is significant, yet it only has in this country about 8 per cent of the total tax revenue that is available to it.

So do you have any plans to sit down with the AUMA and hash out a new deal for municipalities that lets them as elected officials take responsibility for their own financial decisions when they access tax revenue from their citizens, for how much they raise in taxes and how much they spend and what they spend it on?

8:25

**Mr. Griffiths:** I'm going to work with a lot more than just the AUMA. I believe the AAMD and C also needs to play a role. We've had discussions with the five mid-sized cities, talked to them on the phone, and we have a lot more discussions to go forward just to catch up on how things are going. They have similar challenges. I've met with many of the elected officials and both mayors from the two large centres, and we're currently working on discussing what a civic charter would look like, which would talk about roles and responsibilities and revenue sources. I've been committed to that. I believe it was within a week after I was appointed I said that I was going to work on that. Discussions with the AUMA: they haven't actually presented any ideas yet, so I will continue to work with them, as well.

You know, I've said this before. The property taxes: it may sound like a good idea, but I don't think it is. The education portion of property taxes collected by the province of Alberta this

year is \$1.98 billion. The total funding going to municipalities this year is approximately \$2.1 billion. So if we took no education property taxes and left that property tax room for municipalities, they would wind up with less money than they do through current programs, and they would wind up with the responsibility for completely managing property taxes.

I'm sorry. But in a lot of smaller jurisdictions, when you look at the formula, it's very clear that they would wind up with even less. It may allow more tax revenue for some municipalities, so they would wind up with more than what we provide, but many jurisdictions in this province don't have the same property tax base on which to draw, the industrial base or a population base or a commercial base, and they would wind up with less revenue. So if we were simply going to vacate it, we'd have to have discussions about whether or not that's the only source municipalities should have for revenue.

On top of that, I mean, I personally worry that overreliance on one source of taxation is dangerous just like overreliance on one source of income could be very dangerous. Property taxes themselves tend to be regressive. If you... [Mr. Griffiths' speaking time expired]

**Mr. Mason:** That's okay. I'll see you at breakfast tomorrow.

**Mr. Griffiths:** Okay.

**The Chair:** Yes. You will.

Thank you very much, Minister, and thank you very much, Mr. Mason.

We move to the next 20-minute period, which is reserved for the member from the fifth party, and I see that Mr. Dave Taylor is here. Dave, would you like to take your full 10 minutes, or would you like a back-and-forth?

**Mr. Taylor:** No. I'll do a back-and-forth with the minister if that's okay with him and very quickly say that I'm very honoured to be here tonight as the member from the fifth party on one of the rare occasions where I actually get to go before government caucus members. You don't get to outvote me tonight.

**Ms Calahasen:** You can tell how important we are.

**Mr. Taylor:** Oh. We won't go there.

I do want to pick up on some of this idea of a civic charter, the notion that municipal government or local government or community government, whatever term you want to use, whether it's to describe the legality of it or the reality of it as lived by the vast majority of Albertans who live in communities – there's a need, I think, we think in our party, to elevate municipal government to equal status with the provincial government and a need going along with that, obviously, to work out a whole bunch of details, one of which is sustainable revenue streams for local governments.

Now, you've batted around some numbers here tonight that you're providing \$2.1 billion to municipalities, and that if you walked away from that, simply walked away from the education portion of property taxes, they'd only get \$1.98 billion. I believe you said that Mr. Hinman's party's 10-and-10 plan would only be worth \$1.6 billion or \$1.8 billion. I hope you're not suggesting from this that it's an either/or proposition. You guys do tend to argue when we put something on the table like, "Well, if we did what you want, then it would be a much worse situation," and then sometimes when we suggest, "Well, why don't you try this?" then "Well, we can't just do that; it's a very complex thing." I don't really think you can have it both ways.

You talk here about three-year budget planning for municipalities, but the AUMA notes that, really, they need a longer planning cycle than that. This government does talk a lot about the need for communities, for municipalities to engage in long-term planning. Kind of hard to do on a three-year cycle. So you're about to go through the results-based budgeting review in your own ministry. How is that going to play out in terms of what might come out in the way of a longer-term budgeting cycle, five years or five years-plus, on your end and the ability for communities and for municipalities to really plan for a number of years into the future?

**Mr. Griffiths:** The civic charter sustainable cycles: I don't mean to give anyone the impression that it's either/or. Maybe it's the fact that I have a philosophy degree, but I worry it becomes either/or. The request from AUMA that we need to work out a long-term agreement within two months after the election: I have no idea how we're going to work out reviewing the MGA, discuss roles and responsibilities and a long-term funding framework that's not going to have long-term consequences. I don't want to do this every two years. I want a real, substantial, long-term framework. In my mind . . .

**Mr. Taylor:** In your mind.

**Mr. Griffiths:** I don't want to prejudice it. I don't think there is one picture in mind. Maybe going forward through the evolution of the MGA, where it moves from a prescriptive document to an enabling document, there are different types of municipalities that take on different responsibilities, so they have different powers that go with it. That may be the context.

We really have to be patient and make sure we do this right the first time. I mean, the government has a habit of trying to do something now for political expediency, any government, and you wind up with something, and then it's a patchwork quilt. I want to make sure that we come up with something that really clearly addresses the roles, responsibilities, and revenue that will work for Edmonton and Edgerton, that will work for Calgary and Cardston, that will work for Fort McMurray and Fort Macleod.

If we start with a patchwork – I don't want a situation to evolve where you have a series of classes of municipalities, where they are now pitted against each other with different classes. I know the AUMA's angst and desire to hurry, but I want to make sure that we do it right as well. I never meant to imply that it's got to be one or the other.

I mean, when someone suggests, "Well, this is our solution, and this is going to be it" – well, every solution that you come up with is going to have bugs, so let's figure out what's right and what's wrong about each one and come up with a collective solution that works for all of us, not us versus them or one versus the other, right versus wrong. I don't see the world that way.

**Mr. Taylor:** Sometimes what works best – and I think this has worked in the affordable housing area; you guys have done a good job on that. You've done a good job on that in part because you listened to the input a few years ago that suggested that there was a role for the province to play as the quarterback of the whole thing, as certainly the provider of social housing because nobody can get a return on their investment in social housing. That is a service that has to be provided by a fairly senior level of government. Otherwise, really, the role for the province was a clearing house of best practices, so the affordable housing strategy became a shopping basket full of different strategies, different programs that have worked in different jurisdictions, from which local governments and local communities could pick and choose

the two or three things that would work for their conditions, you know, in the context of where they live. Is that a model for going forward with bringing local governments up to a level of equality with the province?

**Mr. Griffiths:** Yeah, I definitely think that's a model. That's why I said that it has to be a solution that works for Edmonton and Edgerton and Calgary and Coaldale. I've challenged the AUMA with this when they've said: we want a solution, and we want it right now. Well, they're asking me to come up with one and dictate it to them, but I haven't heard any specific solution from AUMA yet that lays out what's going to be good for Edmonton and Edgerton and Calgary and Coaldale and Fort Macleod and Fort McMurray. I don't know why I'm supposed to come up with a solution that's good for every municipality, that will solve all of their challenges, when they haven't come up with one themselves. I'm still encouraging them and saying: we need to discuss this. But arguing about it is not going to create better solutions, or taking sides and fighting about it is not going to create solutions.

Your question about the three-year budget planning: we got asked this before. It's \$896 million this year, \$1,050,000,000 next year, and \$1,050,000,000 the year after. That's an assured minimum.

8:35

**Mr. Taylor:** That's on MSI.

**Mr. Griffiths:** That's on MSI. The Premier has assured that as a guaranteed three-year funding model. I've assured that as a funding model. The challenge, as I understand the question, was: how do you know you won't break that contract? It was supposed to be an assured funding model before, but there was a global downturn in the economy, which meant serious revenue challenges for the province. So it wasn't fulfilled, or at least it was delayed for a couple of years, and the model was slowed down.

That's a challenge right now. I mean, besides the personal commitment, that is the guarantee that we have. I'm working with the other ministers to see what we could do to solidify that more. But, really, a contract is only as good as a person's bond when it comes to the field that we're in right now. The government would still have the prerogative to break that contract. So it's got to be a long-term funding model. That doesn't necessarily mean the municipalities come hat in hand.

As the AUMA said, "We want it done in 60 days." Well, give me a suggestion on how to do that in 60 days and what it's going to look like. I haven't got one yet. It's not something I can necessarily fix quickly.

**Mr. Taylor:** Well, maybe within 60 days you could schedule a conference for them to talk about it with you and bring in some other experts and that sort of thing.

**Mr. Griffiths:** Well, we're brainstorming. I've asked them to present any ideas on how we get the discussion going. This is such a big discussion to have. I mean, this is going to be transformational when it comes to political operations at the municipal and provincial levels all across the province. This is transformational stuff. So where do you start the discussion? I've already asked them that. I still haven't got any specific recommendations.

Maybe that's the way to start. Start with a conference to talk about ideas. We've collected a bunch of data on civic charters from around North America so we could see if there's a common thread on what civic charters look like. We've discovered that

there isn't. So we're going to come up with our own common framework for a discussion with the urban municipalities on what a civic charter would look like.

**Mr. Taylor:** Chances are that they don't know where to go with this either exactly.

**Mr. Griffiths:** I know.

**Mr. Taylor:** There's got to be some brainstorming happening.

**Mr. Griffiths:** That's why we need to be patient and talk about it. I always point out that it's not us versus them. We're all in this together.

**Mr. Taylor:** Okay.

In the meantime, while you do all that and while you work on a complete revamp of the MGA, which I believe you estimate will take four years . . .

**Mr. Griffiths:** Yeah. The original discussion was six, and I suggested we needed to do it in four. It's huge, but I think we can break it into three working chunks and get it done in four years.

**Mr. Taylor:** In the meantime, though, of course, day-to-day life goes on, and day-to-day life brings challenges that have to be dealt with sooner than four years, like, for instance, delayed developments, if I may come back to a favourite hobby horse of yours and mine from last year.

**Mr. Griffiths:** Is that in the budget? I didn't see that one in there.

**Mr. Taylor:** I didn't see that one in the budget either.

Is there flexibility to move ahead? Will you bring that back as a government bill?

**Mr. Griffiths:** I think that needs to be part of the discussion on the MGA. You know what? It doesn't matter whether it's funding or whether it's the issue of delayed developments. This is going to be our challenge for the next four years. How do you address the challenges we have right now with interim needs and the long-term success of the project? I mean, there are a lot of things, I think, we could do with the MGA, but it's hard to write in pieces when you're trying to get a new collective document that moves from prescriptive to enabling. That's going to be something we're going to have to continue to work on.

I mean, we've got the off-site levy issue. We've got a lot of municipal issues that need to be addressed now. But I don't want to hamper or impede what we're going to come up with in four years, and I don't want to wait four years before we can solve all of these issues.

**Mr. Taylor:** Thank you for that on behalf of my constituents, who, you know, waited 10 years to see some development in that pit on 4th Street.

How am I doing for time? I've got about five minutes left, I think.

**The Chair:** Seven minutes.

**Mr. Taylor:** Can I ask you about housing? This new interagency council to lead the implementation of the 10-year plan to end homelessness: your Municipal Affairs ministry is part of that, is it?

**Mr. Griffiths:** I just heard about this a couple of days ago. It's run by Human Services. We've asked to be part of it. We're going to

be involved in the housing component – right? – but we're not going to lead the charge. It's Human Services that will be handling that.

**Mr. Taylor:** Okay, and I will have more questions for the minister on that when Human Services comes forward for estimates, but I just wanted to make sure because I think one of the things that's worked on the affordable housing and homelessness front is a fairly decent effort and a fairly successful effort at getting some crossministerial work happening and everybody, if you will, rowing in the same direction on that one. I would hate to see it break down in a reorganization.

**Mr. Griffiths:** In fact, I think those linkages are going to get stronger because we recognize that, you know, if we don't build affordable housing, then homelessness could become a bigger issue. So you transfer the challenge and the resources necessary from one ministry to another. We need a collective strategy to deal with some of these challenges.

**Mr. Taylor:** Yeah. Okay.

Now, if I may, I want to touch on disaster recovery again. Pardon me if I'm going over ground that you've already answered two or three times. I'll be interested to hear if the member for Slave Lake has any questions on this as well because, certainly, the Slave Lake disaster was huge, and the efforts made to bounce back from that have been huge as well. They've also been expensive and, I'm sure, unusually expensive.

Nevertheless, I'm still not clear as to why it is that regardless of the numbers year in and year out the Municipal Affairs department budgets what turns out to be a fraction of a fraction of what we actually spend on disaster. I'm not a farmer, and I can only surmise from a city boy point of view what it's like trying to figure when the crop is going to fail and all the rest of that. I know we can't predict disasters although with climate change it's probably realistic to predict that we're going to have more of them than we did in the past, more forest fires, more big ones, more floods, more of everything like that.

Should you not be budgeting more than you are? When you don't budget a bigger amount, you always end up coming back to the Assembly and asking for money to cover the disaster expenses in supplementary supply. Why not budget for what you think the worst-case scenario is or might be, and if it turns out that it wasn't, you've got money left over for next year?

**Mr. Griffiths:** Well, in a way we do that. The money that you actually see budgeted for disaster is for the Alberta Emergency Management Agency. They operate the Provincial Operations Centre, the department staff, protocols. There's a lot of good work that the Alberta Emergency Management Agency does, but we don't budget, actually, a single solitary dollar to cover disasters within the ministry. We have the disaster fund.

**Mr. Taylor:** You have disasters within your ministry?

**Mr. Griffiths:** Okay. Let me rephrase that.

**Mr. Goudreau:** Just the minister.

**Mr. Griffiths:** Yeah, just the minister.

We don't actually budget within the ministry for disaster around Alberta because – you're right – we don't know what they're going to be. There is a disaster fund, and the disaster fund is for us to access for fires and floods. It's for agriculture to access. It's a disaster fund that's budgeted for the entire province that's in a

separate fund. If we just budgeted for disasters in fire and flooding, we've still got agricultural disasters, and there are other departments. So we put it into one collective fund. On the whole if we have more forest fires and less flooding and more agricultural, it balances out.

We do that principle, but we do it on a collective budget across all ministries, not just within ministries. So agriculture doesn't budget for agricultural disasters. We don't budget for disasters. We access the funds from the disaster fund, and we do go back for supplementary estimates because it's the right thing to do. The money is in the fund, so we go back and ask for it to cover off the disaster.

**Mr. Taylor:** So you're only transferring it from the disaster fund into, essentially, day-to-day operations.

**Mr. Griffiths:** Yeah, to cover whatever disaster we have. So we do your principle just on an entire government-wide basis instead of department by department.

**Mr. Taylor:** Okay. And you're assuring me that it works that way.

**Mr. Griffiths:** Yes.

**Mr. Taylor:** When you look at the numbers within your department, it looks pretty far off the mark. I mean, the numbers bounce around: \$19.8 million in '09-10, \$192 million in '10-11, \$322 million last year, but always a couple of hundred thousand budgeted, and then suddenly it jumps up to \$44 million.

**Mr. Griffiths:** Yeah. I mean, we set that much aside. In the sustainability fund is where it's at, and I'm sure it's around \$250 million a year, it seems to me. We might have increased it because of the disasters, but it's an envelope contingency fund within the sustainability fund that we can access.

8:45

**Mr. Taylor:** Okay. So some questions for the Minister of Finance as well, I suppose, then, if it's in the sustainability fund.

**Mr. Griffiths:** Sure.

**Mr. Taylor:** How am I doing for time?

**The Chair:** A minute and a half.

**Mr. Taylor:** A minute and a half. Let me see if I can find one quick question to ask you here in a minute and a half. Let's try this one. In the estimates – this would be on page 212, I believe, line 5 – the regional collaboration program is budgeted to receive \$9 million this year. Last year it was budgeted to receive \$8.9 million, and it actually got \$24.5 million. Can you account for the significant increase? What was going on there?

**Mr. Griffiths:** Yes. It wasn't actually a massive decrease from last year. I mean, it was, but last year was a massive increase from the year before, and it was because of the subsidence claims, and there was something else. Oh, yes. The Kneehill county water line – there it is – and Rocky View county. The one-time grants for subsidence and to Rocky View county for the water claim. Kneehill Regional Water Services Commission approved \$892,000, Rocky View county Conrich water servicing. It was because CN moved out into the county, and they needed water. So it was a special circumstance.

**Mr. Taylor:** A one-time thing? Okay.

**Mr. Griffiths:** Yeah. And it was regional co-operation, but that was just one year.

**Mr. Taylor:** Okay. Thank you for that.

**Mr. Griffiths:** You're very welcome.

**Mr. Taylor:** I'm done, Chair.

**The Chair:** Thank you very much, Dave. I thought that your prediction of more forest fires, more floods, and more disasters sounded highly prophetic. Some day I'd like to ask you why you would think that. I hope you're wrong.

**Mr. Taylor:** I knew you were going to say that.

**The Chair:** There you go.

Thank you, Minister.

Once again we'll move to the next 20-minute period, which means that any member may speak. I just remind you that you can take as little time as you need or up to a maximum of 10 minutes. Then the minister would have up to a maximum of 10 minutes to respond.

The next person who would like to ask you questions, Minister, is the Member for Lesser Slave Lake, Pearl Calahasen.

**Ms Calahasen:** Thank you very much. Like the minister I'm excited as well.

May 2011 is a month I'll never forget or a day I'll never forget. It is the day that nine jurisdictions in my constituency declared SOLE, which is the state of local emergency. I had communities that were being evacuated on a minute-by-minute basis that day. All of my communities within where I was living – that's Slave Lake, the municipal district of Lesser Slave River, and Sawridge First Nation – were surrounded by fires in all directions. It was from the north, the east, the west, and the south. We were unable to leave any portion of that community. Some people had evacuated, and there were some 300 people that had been left behind because, one, they didn't have the vehicles to be able to leave, and two, they did not have the money to be able to buy the gas to leave. We had really kind of a dire situation occur on that day. That's a day that'll probably be etched in my brain forever and ever as to what happened and how we had to deal with that emergency.

In speaking of that emergency, I want to say a special thanks to the Ministry of Municipal Affairs and especially to our minister of the day, Mr. Goudreau, who was probably the foot soldier for government. He worked tirelessly to be able to make things happen. I just want to say a special thanks, Hector, for all the work that you did. It was amazing. Thank you very, very much.

Also, to what I call the Provincial Operations Centre. I have never seen something like that in my life, where I saw the activity of this government and what we were able to do to pull together as a governing body to be able to address the issue of those burning flames and to be able to address the concerns of the emergency for the people, what was required. I just want to have it recorded that my communities certainly appreciated the work that was done by that Provincial Operations Centre. I don't think they get enough thanks. They were there day in, day out to be able to address the issues, so thank you very, very much.

I want to ask a question on priority initiative 1.8 of the ministry's business plan. It states that it will collaborate with other key partners to support the Slave Lake region – and that's the Tri-Council – through the Regional Recovery Coordination Group to

execute and monitor the implementation of the Lesser Slave regional wildfire recovery plan. So my question is: what are we doing to be able to assist in the recovery of that region following those wildfires under that priority initiative 1.8? There are so many needs in my communities that have been affected by these wildfires. Can you just explain some components of that at this time?

**Mr. Griffiths:** Well, I appreciate the compliments to the staff. It was Municipal Affairs, and it was Infrastructure, and it was Housing, and it was SRD, and it was our former Premier that did exceptional jobs.

The municipal emergency staff at the local level, though, I think deserve the most thanks and credit because they're the ones that are on the ground. Some people confuse that, that the Provincial Operations Centre or the departments together are the ones that manage the emergency services. They're still municipally managed. Our role is just to help them co-ordinate and be there to provide backup services if they need and the resources, where we can, and to help co-ordinate them. They're the ones that did such great legwork in the community, that evacuated over 14,000 people, which was remarkable. I mean, most people don't realize that so far the insurance assessment on insurable damages is \$700 million. It's incredible, the damage that was done there, so they all deserve a lot of kudos and congratulations.

We have two staff on the ground, two full-time staff that work together, and a team here as well. What you're asking, I think, is mostly on the ground because we have a team here that supports the team in Slave Lake. But it's not just the provincial government that's addressing the needs: I mean, \$289 million to go to the community, \$125.3 million for the disaster recovery plan, \$56.7 million for community stabilization, \$42.8 million for the interim housing project, \$64.2 million for the Slave Lake recovery plan.

The two people that we have on the ground there working full-time are working very closely with the Tri-Council. That right now is the most important organization. If we were going to determine what the needs of the community are and where we're going to apply the resources at this level, there's no way they would necessarily go to the right spots. Having the Tri-Council on the ground gives them the flexibility to meet day-to-day needs and changing circumstances and priorities.

So we're supporting them with the resources, with the money, so that they can help rebuild their community. We're also supplying them with the personnel so that they have extra capacity and they can get information as quickly as they need. But those rebuilding efforts and those needs are really driven by the Tri-Council. I'm very proud of the way the communities come together and what they do.

It cannot be underestimated, the role that you played from day one. I think you're probably the person that's gotten thanked the least. Everyone talks about the Tri-Council and talks about the municipal government and talks about what the provincial government has done. But, Pearl, anyone in that community will testify – and we've heard it many times – how you've been there from day one and how you continue to help that community grow and rebuild. I know how much the community appreciates what you did because you're the link and the linchpin between our departments, between the people on the ground, between the Tri-Council. I know we never say thank you enough for that, but I know the community appreciates exactly how much you've been there for them.

**Ms Calahasen:** Thank you. I know that there's been so much work done. I really appreciate it, and I know my constituents

appreciate it and certainly saw government immediately respond. I thank our past Premier as well as our past minister and you now for being able to be there whenever we were there. When we were there last with our new Premier, you were there as well. It was so wonderful to see the thanks that the people showed for us being there.

Speaking of that, you know, we went to that housing. Remember the trailers that we walked by?

**Mr. Griffiths:** Yes.

8:55

**Ms Calahasen:** And we were all there walking and watching the trailers as they were being laid and put down and making sure that they were going to be accommodating the people. That was something that I think people didn't realize could happen so fast, especially with having I think it was something like 300 trailers coming into that community.

Interim housing was such a huge need because there were people who did not have housing, so one of the concerns that we have is that we need to accommodate those who did not lose their homes, but they are losing their place of domicile because rents are rising. There is opportunism during crisis, and we all know that. We know that people living in Slave Lake that don't have their homes are being displaced because people now are saying: you can move out because we want to increase your rent. It's creating some huge angst amongst people who don't have that ability to be able to buy a place or get a place to rent that's really outrageously priced. Third, there's no place to go, yet these people have lived there forever without that ability.

I'm asking: in this whole process of what you have done and what you're continuing to do – and I thank you for that – I'm wondering if there is anything that can be done for those individuals so that they can also feel they are part of the community, that they can be considered for those places that maybe some others are moving out of now with their new homes that they've established so that we have places for those individuals. Those homes or those apartments that had been there for them are not there. We need to know whether or not those rent supplements can be following them or can be used or at least help those in need, Mr. Minister.

I think you heard from some of them, and certainly your staff on the ground have really tried to see what they can do, but we also have to move in that direction. Maybe you can comment on that and see what we can do to be able to accommodate those individuals.

**Mr. Griffiths:** Yeah. I really appreciate those questions because for right or wrong I've always described that the challenge with Slave Lake – I say this because I want people to still understand – is that it was a traumatic event and personally could be like a death in the family. Everyone's around for a few weeks when the death occurs, but then when Christmas comes along, people forget. They're not around anymore because they assume that, well, it's been a few months; I'm back to my life. It's the same way in Slave Lake. That's why we've laid out this long-term plan. The Tri-Council, again, has done an exceptional job.

Some of these issues are going to creep up. We talk about housing issues and people's homes burning down, but what about the rental accommodations and the vacancy rates and the costs that are going to be associated with the rising demand because of shortage of supply? I know that the housing authority there works very closely because we work in partnership with our housing authority, and they'd be happy to work with the Tri-Council to

work on affordable housing measures in the community to address some of those needs.

We're working right now on the plan when those trailers you mentioned become vacant, what we're going to do. We have to make sure we utilize them for taxpayers' dollars.

We still have an obligation, just like we do elsewhere in the province, to work on affordable housing issues. So we would be happy to come out and meet and talk about what we can do to address some of those challenges in the short term and in the long term because you've got to have immediate solutions and long-term solutions.

**Ms Calahasen:** Thank you very much.

The third question that I do have has to do with rebuilding. I know that we have that group that's been working on how we can make sure that the rebuilding happens with the money that we have put to rebuilding. One of the questions that I keep getting from my constituents has to do with what role government has when we're talking about rebuilding. Are there local contractors that should be used before we start going outside and that can be utilized in the community? That's one of the questions that they keep coming out with. I'm wondering if in our rebuilding initiative we say to the Tri-Council: can you make sure that we try to hire locally or buy locally before we go outside?

**Mr. Griffiths:** That one is tough. That's a challenge. We want to make sure that the Tri-Council has the authority over the community to work together because they're the direct representatives of those three different groups in the community. So being too prescriptive in what they need to do might not allow them the flexibility. It might delay when projects get done just because of the research they have to do in making sure everybody has used locally. I don't want to be too prescriptive, and I'd like to leave it in the hands of the Tri-Council.

The Tri-Council members I've met have a very keen interest in the community, and I think their first thought would be keeping local people employed, spending the money in the community to find local solutions. I expect that they're probably doing that where they can on their own.

**Ms Calahasen:** You know that we have FireSmart in our community. I was part of the recovery plan, so I'm wondering. The FireSmart program that we have allowed them to go ahead and deal with – is there anything in the FireSmart that is going to help us as we move forward in dealing with such things as wildfire prevention and things of that nature? Have we got anything in there that sort of reflects that kind of initiative that would be going on? I think that's part of the recovery plan, Mr. Minister, and I know that we have pushed that program. I'm just wondering: what have we learned from this fire? What can we do to make sure that we are prepared for whatever could happen next?

**Mr. Griffiths:** Yeah. I know FireSmart is an exceptional program which will continue to evolve to meet new information and how we're going to save communities. But right now FireSmart sits under Sustainable Resource Development, so I don't have enough information to appropriately answer your question.

**Ms Calahasen:** Okay. So each individual ministry will then deal with that as we go forward, right?

**Mr. Griffiths:** Yes. I can say that under the funding that we have, the FireSmart initiative's funding comes from Municipal Affairs of \$20 million.

**Ms Calahasen:** Yes, I know.

**Mr. Griffiths:** Twenty million dollars to go towards that, but how it gets integrated and the best practices that come out of the experience will be part of SRD.

**Ms Calahasen:** Excellent, excellent.

The other question that I do have has to do with insurance. There are many of the individuals who had insurance that now – there appears that there are some concerns relative to how the insurance are dealing with the people who have made claims. Is there anything through our recovery plan so that the people can deal with the insurance concerns that they are now bringing in, or is that a separate kind of situation regarding what they would have to do on an individual basis?

**Mr. Griffiths:** I believe it falls under Finance. They run the Insurance Council and superintendent of insurance, who check those processes and make sure that all of their demands and needs and requirements are being met and that customers are being treated fairly. That minister may have a more appropriate answer for you. I did hear some very good stories about insurance companies coming out and working collectively to help meet people's needs. We haven't had any direct claim challenges referred to us because those typically would run through the superintendent of insurance.

Oh, I didn't know this. We have an ADM task force. It's a big, big ministry. All right. Finance is on the ADM task force. What Finance does is bring forward probably their background information and challenges that they're experiencing in insurance. SRD would bring their information and challenges around FireSmart. We are pooling our collective experiences from each single department and different agencies they run so that we can take the best practices from our experience in Slave Lake and apply it ahead of time to other agencies to make sure the government is efficient, effective, and fast.

**Ms Calahasen:** Okay. I know the Member for Calgary-Currie asked whether or not Slave Lake would ask this question. It is Lesser Slave Lake, Member; it's not Slave Lake. Just to make that correction. It's okay. We do make mistakes.

He was saying that when we look at the money that has been allocated for emergencies – and I do understand why you would not want to be able to identify it, because we don't know – is what you have projected for this year and this date to spend on what has happened in Slave Lake going to be enough in order for us to be able to address all the concerns as a result of the Slave Lake wildfires? Will that be enough, or are there potentially different kinds of emergencies than can come up out of that specific emergency? Do you know?

9:05

**Mr. Griffiths:** Yeah. The \$289 million has been designed to help with rebuilding municipal infrastructure, dealing with the interim housing, providing the resources directly to the municipalities in most cases so they can rebuild some of their infrastructure as necessary.

Some of those challenges that will come up in future years will be things like the affordable housing issue that you raised. We have capacity in other departments to still handle that because those challenges aren't just for Slave Lake; they're for other communities as well. The best we can estimate now, the \$289 million is going to be awfully close, but it is so hard to predict exactly how much money it's going to take to restore it. The Tri-Council has been very clear that so far the issue is not a shortage

of funding. If there are supplementary issues like the affordable housing issue, we still have resources available in other departments that I anticipate we can help with.

Just for your information in 2011-2012 it was \$217.1 million of the \$289 million total. In 2012, this year, it's \$49.3 million: \$33.1 million for the regional recovery plan, \$2.5 million ongoing for the interim housing project, and \$13.7 million for ongoing community stabilization support. Next year there's still \$22.6 million that remains, so we'll see this year. This will give us a clear indication for most of those initial costs, because much of the money was spent last year, and if those initial costs are covered and how this balances out going forward.

**Ms Calahasen:** As long as we can continue to be flexible on that housing, I would really appreciate that. It's so crucial for people to have housing out there.

**Mr. Griffiths:** Yes.

**Ms Calahasen:** The other component that I do have is libraries. You have responsibility for libraries, and as teachers, you know, we're always concerned about libraries. As you know, our library also burned down in Slave Lake, and we're trying to get it all up and going again. I'm just wondering whether or not in the recovery plan there is anything that would identify a library and what components of that library we would be looking at in terms of us being able to help them as they move. They're fundraising, and they're doing a heck of a job.

**Mr. Griffiths:** Just some background. When a library is created in a community, it's at the instigation of the municipality, so ultimately we provide a base level of funding. It's \$5 and some cents per capita. Then the capital costs that go along with the library are covered by the municipality. This is what I mean going forward, rebuilding the community. They have a lot of things they need to rebuild, so we'll be able to assess whether or not they have the resources available.

**Ms Calahasen:** Thank you.

**The Chair:** Thank you very much, Minister, for those answers.

Pearl Calahasen, MLA for Lesser Slave Lake, we know that disasters bring heroic actions. I've been told stories of you being one of the most heroic, so another thank you for your selfless actions. Pearl wouldn't leave the community until she was sure the last senior was taken care of.

We are moving on to the next 20-minute period, and the member from the third party, Paul Hinman, would like to ask some more questions. Paul, you have a maximum of 10 minutes.

**Mr. Hinman:** Wow, I got the lottery tonight. Isn't that lucky?

I guess I'd like to correct a few of the statements that the minister made. In our 10-10 fund plan, yes, on the outlook it's \$400 million less than your \$1.8 billion that you are currently giving, but it's very explicit in there, if you read the whole release, that we're not going to shortfall.

There are various municipal grants that you just can't fold in there. You've got the water/waste-water grant, the building Canada component, the basic municipal transportation grant, the community development trust fund, the family and community support service, the federal gas fund, the fire service and emergency preparedness, the grants in place of taxes, the GreenTRIP incentive program, the housing capital initiatives, the joint emergency preparedness program, the municipal policing assistance grant, the municipal recreation and tourism areas grant,

the municipal sustainability initiative capital fund, the municipal sustainable initiative operating fund, the new police officer grant program, the regional collaboration program – interesting one, the regional collaboration program – the safe communities innovation funds, the summer temporary employment programs, the strategic transportation infrastructure plan, the tank site remediation program.

I might add that in all of those plans I don't think, Mr. Minister, that any of those came up in your wonderful book on how to save a community. I commend the government for coming from 77 programs down to 22 programs, but our whole point on the 10-10 was to get them down to a smaller number. A lot of these are nothing more than political slush funds. The hon. member made some comments, that she received the vindictive answers of this government over, on where those things are there. And often people ask the question . . .

**The Chair:** Do you have a question, Mr. Hinman?

**Mr. Hinman:** I listened to the hon. Member for Lesser Slave Lake go on.

**The Chair:** But we're here to discuss the budget in front of us, not the policy of another party.

**Mr. Hinman:** I'm answering and correcting his. I read all of your programs, your policies that this ministry has got outstanding. I don't see how that has anything to do with ours. I'm correcting the minister on his false statements that he made earlier. That's all I'm doing; I'm putting it on the record, which is important.

**The Chair:** Can we return to the budget, please?

**Mr. Hinman:** We said very clearly that we would not shortchange any community that is coming forward, and a lot of those programs will take a little bit of time to wrap up. You should read the full release rather than jump to read one number and think that it's complete.

I also find it quite amusing tonight that you talked several times about the broken deal on the MSI funding and who could foresee the collapse in the economy, but I believe that if you go back and look at the provincial government's spending, it never went down. You felt that the municipal government had to lose \$400 million out of their spending, but provincial spending never went down.

**Mr. Griffiths:** It's not in this budget.

**Mr. Hinman:** Really? So why did everybody else talk about it and you refer to it so many times if it's not in this budget? You were the ones. I wasn't going to interrupt you. I respected you in your 10 minutes, and you'll have your next 10. Interesting points, though. I guess I should wait for the very last question on this one, but time is always ticking away quicker than one thinks.

Enterprise risk management. You never responded to that last time. In 2007 the government came together and implemented the enterprise risk management framework. It was approved by the deputy minister's committee. "The ERM processes are to be implemented and documented in all ministries as soon as possible" starting with the 2008 budget. I'm wondering if and where that shows up anywhere.

I read quickly at the end of my last 10 minutes that the direction from the deputy minister committee states that the mitigation of risks must be linked to the ministry's business plan. I'm wondering if, in fact, you've got an enterprise risk management program in place. I wasn't able to see it in your budget, this budget,

let alone any previous budget, so I'd appreciate that being pointed out and where it is. It looks like we've got an excellent individual there that's got that, so that'll be good.

In that enterprise risk management it says, you know, for the ministers, I guess:

1. In implementing the ERM framework, Ministries are to focus on the few key strategic risks to the organization. (These might be described as those things that "keep the minister or deputy ministers awake at night".)
2. The ERM process is to be integrated into the business planning process with the risks identified, assessed and evaluated as part of that process.
3. Ministries are to demonstrate a link between the key strategic risks and mitigation strategies that may be included in the ministry business plan.
4. Key strategic risks are to be monitored and reviewed as part of the ongoing implementation of the ministry business plan.

Would you tell me when I have two minutes left, please?

**The Chair:** Sure.

**Mr. Hinman:** Thank you, Chair.

5. Each ministry ERM process must be documented and the process must involve the senior executive team in each ministry as they are ultimately responsible for developing and implementing risk mitigation strategies.
6. The internal ministry ERM report will consist of a prioritized list of identified risks and include: a brief description of the risk; an assessment of both the likelihood and impact of the risk before mitigating actions taken; the mitigating actions to be taken for each of risks; and the likelihood and impact of each risk after the mitigating strategies/actions are taken into account . . .
7. The risks, mitigating strategies/actions, and the effectiveness of the mitigating strategies/actions should be reviewed at least once a year.

I'd like to know, if you have one, if they've been reviewed and why those aren't public and, if they are, where one might find those.

Frequency of risk review should be flexible and appropriate to the ministry's response to a particular risk.

8. These requirements are to be applied within the high level steps identified in the Government of Alberta Enterprise Risk Management Framework and ERM Reference Guide or in an established [commission].

Anyway, I would love to hear your response and to find out a little bit more about that.

In the event of the Slave Lake disaster was it anticipated at precisely what level of government was responsible for determining and approving the cost? When was this done? Where were the projected costs? How were they to be funded of financed, and were they included in the March 2011 budget before the Slave Lake fire or any other fire or disaster?

**9:15**

To switch over here, I guess, it's interesting that you said that, you know, there is an election coming. Your word is that you're going to increase the MSI funding. Like you have referred to several times tonight, who could see the 2008 disaster? That's why you ratcheted back and extended the program. I would also be the first to say, because we've said that with the other infrastructures, that that is the proper way to go. But, like I say, it's somewhat concerning that the government didn't ratchet back any of its spending, yet it was doled out.

I also find it interesting. I remember our past Premier Stelmach in the AAMD and C meeting promising his word that as long as

he was in government, the lands of this province would be protected despite Bills 19, 24, 36, or 50. He's gone. You're going to be gone sometime in the future. Nobody stays forever. Even Ken Kowalski says that he's finishing at the end of this one. I'm saying that your word on these MSI fundings isn't very good if you don't pass the legislation and have to stay with it.

Again, it's disappointing that the funding doesn't come out, and you say: well, municipalities can calculate it to know within a few dollars what their funding is. I see that in the town of Wainwright the capital funding is \$1.05 million and the operating funding is \$90,000, for a total of \$1.1 million. I guess, could you expand a little bit on what exactly the operating funding is? That \$50 million that you have in your budget for operating funding is a curiosity for me.

I just want to ask the minister – because it's always about the numbers, about communities, whether they're viable or whatnot. Again, if someone is anemic, that would be the last person that you'd want to go and ask to donate blood into the blood bank system when, in fact, they need blood.

I'm just wondering if the minister has any idea how many dollars in personal income tax is taken out of such a town even as Wainwright versus the \$1.1 million that you come back with in your MSI funding. I've got a document here that I've thoroughly enjoyed for the last five years. I haven't been able to get a second copy, but basically it's \$21 billion in taxes. In 2006 the 5,225 residents of Wainwright paid close to \$31.2 million in taxes. The province itself sucked out \$9.5 million in taxes. That's what kills a community, when federal and provincial governments say: oh, we'll be there; we're there for them.

In your book you talked a little bit about the importance of the role of the federal and the provincial government. The biggest role is to not take the money out of the community – that would make a big difference – or at least return a percentage so that when a community is being viable and growing, it actually receives some of that money back, which is totally behind the 10-10 program here.

But \$31.2 million in personal income tax taken from the 5,225 residents of Wainwright with a very nominal amount returned to that community is why I believe that many of our rural communities aren't economically viable. It's because of the amount of money government takes from them.

Thank you.

**The Chair:** Thank you, Mr. Hinman.  
Minister.

**Mr. Griffiths:** Thank you very much. Well, where do I start? Taxes taken out of Wainwright. You can play with numbers however you like. One point one million goes in, but some \$20 million comes out. That completely excludes all the money that's spent on the hospitals and the schools and the roads and the health care delivery within that and the teachers and the education. There's a whole lot of money that goes back into every community. If you play into that argument, all you do is wind up tearing communities apart.

I've got – and you've got – Calgary and Wainwright. Everybody doesn't get the money coming back to them. Sixty per cent of every tax dollar is collected by the federal government, so go talk to them. But the money does go back into the community, not directly to the municipal coffers. It plays with numbers. It does no service to building better communities to try and pit one group against the other.

The MSI funding, the \$400 million: I don't know what to say. I find it very ironic that you're not going to raise taxes. You're not



going to spend less money, though, because you're still going to give the same amount of money to municipalities, the same amount to health care, the same to everybody else. You're not going to cut the funding to municipalities. Every time we talk about where you are going to save the resources so you can balance the books, magically you're not going to do it. So I don't know if you're going to start printing your own money.

The rest of your questions have absolutely nothing that I can see to do with this year's budget. They're all policy questions except the enterprise risk management. As for the policy, we deal with the Auditor General. We do an enterprise risk management assessment that we face as a ministry. It's not published because sometimes when you do risk management, it's not good to make it public. When we're doing risk management assessment on terrorism, you don't let the terrorists know exactly what your risk management plan is or it defeats the entire purpose. All of our business plan is based on risk management assessment. We work very closely with the Auditor General on our internal plan, but it's not public, and it doesn't fit into the business plan.

All your other questions or comments were policy statements, argumentative, or not relevant to this budget.

**The Chair:** Thank you, Mr. Minister.

I'm recognizing the Member for Stony Plain, Fred Lindsay.

**Mr. Lindsay:** Thank you. Minister, there was a statement made tonight by the hon. member from the third party that's somewhat troubling. The insinuation was that some government grants are tied to PC Party support. My question to you is: are you aware of any government grants tied to support of any political party in this province?

**Mr. Griffiths:** Thank you very much. I have gone through every single program that we have, and there is nothing. We have very strict formulas and guidelines. In fact, you know, I know that people feel sometimes a sense that they don't get dollar for dollar what they're entitled to, but even when it comes to transportation grants, the provincial government doesn't distribute the grants based on a per capita formula. It builds the transportation, the roads and the infrastructure, where the economy is growing. So you can see that in different regions it may have more investment in infrastructure than in other regions. It has nothing to do with anything like that. It's just about building a better province and being strategic in your investments.

**Mr. Hinman:** That's why highway 63 is done?

**Mr. Griffiths:** I've answered. Thank you.

**Mr. Lindsay:** A supplemental, then, Minister. I've also heard comments that government grants are structured so that municipalities have to come to the government with hat in hand and beg the government for monies. In regard to your ministry one of your biggest programs is MSI funding, and being that that money is taxpayers' dollars, it seems to me common sense that there would be criteria around what those grants could be used for. I guess, could you comment on that? Have you heard any concerns from any municipal leaders that they feel that they have to come begging to the government for grants?

**Mr. Griffiths:** No. In fact, as I mentioned earlier, you'll see tomorrow the detailed list, municipality by municipality, on the funds that they can access. The formula is clear there. In fact, the municipalities worked very hard to help create the formula so that it tried to establish that fairness and balance, like I say, between

Edgerton and Edmonton, Calgary and Coaldale, Fort McMurray and Fort Macleod.

MSI runs as an exceptional program. Many of the municipalities have sat down and already calculated exactly what funding is available to them within a few dollars, and the rest who haven't done that will be able to find out tomorrow.

Even with our programs around housing we work very closely with the housing bodies and the municipalities to make sure that our programs go to meet community need. There are needs that are more paramount or more acute in some areas than they are in others, but municipalities don't come with hat in hand. They come with an evaluation of what the needs are so that we can work collectively on a solution for the community.

**Mr. Lindsay:** Thank you.

I guess the other question in regard to municipal sustainability initiative funding is: how exactly is that funding allocated to municipalities?

**Mr. Griffiths:** First, there is the base funding that's provided. It's \$120,000 to municipalities, \$60,000 to summer villages. Then there is what's called sustainable investment funding for municipalities, and it goes to those municipalities that have a very limited local tax base. They don't have a growing housing industry, they don't have an industrial base, and they don't have a commercial base, so their opportunities to raise taxes are incredibly low. They're usually very small municipalities, so it goes to help make sure that they have some base funding in place to provide some of the core essential services a municipality needs. Then the remainder: 48 per cent is allocated on a per capita basis, 48 per cent by education property tax requisitions, and 4 per cent by kilometres of local roads.

9:25

The reason that formula was crafted in conjunction with the AUMA and the AAMD and C is because there was a clear understanding that it's not just about where the population lives that funding should go. There are very key sectors in this province where you have a very strong economy, and infrastructure investment is needed at the local level, but they may not yet have the population base. So the utilization of the education portion of property tax acquisitions helps balance that. Then you may have some municipalities that are incredibly sparse, with a small population base and not a lot of revenue but still need to provide the basic services. Because they're sparse populations, they may be very large geographic areas and have a lot of roads to cover, which is a large expense when you're providing basic services to people in those communities. So the AUMA and the AAMD and C consulted, worked with us extensively, to develop those formulas, and that's exactly the way it's distributed.

**Mr. Lindsay:** Thank you for those answers.

I also have a question, Minister, on affordable housing. The program provides one-time capital funding assistance through a request for proposals process to organizations to address housing affordability issues for lower income individuals and families. Eligible projects include, as you're aware, new construction, purchase and renovation of existing housing stock, conversion of nonresidential property to residential use, development of secondary suites, or such other initiatives that address the housing needs of the community. So my first question is: the overall budget for housing capital initiatives has been reduced considerably, so what is the impact of the budget decrease on providing housing for low-income Albertans?

**Mr. Griffiths:** Yeah. We have invested \$1.15 billion since 2007 to implement the affordable housing framework. We've built 4,000 units to date. We have 8,000 more units that are appropriately funded and are in the design, development, or construction phase at some point, so that's going to help. But decreasing our overall budget down to \$41 million makes people ask the question: are we properly funding the need for housing? It's not as much as we had been spending before, but our focus right now is to take a breath. Even if we announced thousands more units worth of funding to come online, they'd fall in track behind the 8,000 units that are already online, and they wouldn't necessarily be built this year or even next year to meet the demand because we have so much lined up in the queue.

So our focus, at least for this year, is to take a moderate breath, take the \$40 million, and because we have the Alberta Social Housing Corporation in the ministry, which has 26,000 housing units that it owns, some of which are 30 years old and in need of rejuvenation, renewal, or replacement, we're focusing that \$260 million that it has collected over the last while to rejuvenate those properties in conjunction with the \$40 million. So we're still looking at an integrated plan to rejuvenate the houses we have while the other ones catch up.

I'm not particularly concerned this year because we still have more houses in the queue than we can possibly build. Right now focusing on the rejuvenation plan this year going forward gives us the opportunity to make sure that we're building the appropriate housing, that it's meeting the clients' needs, that it's in the right place. We're still using the same strategy by either partnering with the private sector, rejuvenating old buildings, or whether or not we

should have equity in the buildings. So a lot of opportunity to re-evaluate and make sure we're doing it right.

**Mr. Lindsay:** Thank you.

Minister, we heard a lot of discussion tonight, and rightly so, about the Slave Lake region following the May 2011 wildfires. Can you tell me how much money has been spent to date and how much is projected for this year? Will it be enough?

**Mr. Griffiths:** Where is that sheet? I just had that sheet right here. There it is. You had the other chart year over year. So \$289 million over four years: \$129 million for disaster recovery plan; \$56.7 million for community stabilization; \$42.8 million for interim housing, which has been incredible in the community; \$64.2 million for the Slave Lake recovery plan. This year out of all four, well, all three components, because we don't need any more money for the specific disaster recovery plan, it's \$49.3 million. All but about \$22.6 million has been spent.

**The Chair:** Thank you very much, Minister. Thank you very much for your patience and your excellent responses. To the committee members, thank you all for being here tonight and for your questions.

I'd like to remind you, the committee members are scheduled to meet next on next Wednesday, February 22, to consider the estimates of the Department of Culture and Community Services.

So thank you all once again, and have a good evening.

[The committee adjourned at 9:30 p.m.]



